

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1997

BUDGET SUMMARY



U.S. DEPARTMENT OF AGRICULTURE

TABLE OF CONTENTS

ITEM	PAGE
INTRODUCTION	1
PROGRAM LEVEL AND OUTLAYS	3
HIGHLIGHTS	5
REORGANIZATION/STREAMLINING	13
 <u>Explanation of Major Changes by Agency</u>	
FARM AND FOREIGN AGRICULTURAL SERVICES:	
Farm Service Agency	16
Foreign Agricultural Service	26
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT:	
Rural Utilities Service	34
Rural Housing Service	37
Rural Business-Cooperative Service	40
FOOD, NUTRITION, AND CONSUMER SERVICES:	
Food and Consumer Service	43
NATURAL RESOURCES AND ENVIRONMENT:	
Natural Resources Conservation Service	49
Forest Service	53
FOOD SAFETY:	
Food Safety and Inspection Service	59
RESEARCH, EDUCATION, AND ECONOMICS:	
Agricultural Research Service	64
Cooperative State Research, Education, and Extension Service	68
Economic Research Service	74
National Agricultural Statistics Service	75
MARKETING AND REGULATORY PROGRAMS:	
Agricultural Marketing Service	78
Animal and Plant Health Inspection Service	81
Grain Inspection, Packers and Stockyards Administration	85
DEPARTMENTAL ACTIVITIES	87

TABLE OF CONTENTS

ITEM	PAGE
<u>Appendix</u>	
Integrated Pest Management and Related Programs	93
Programs to Support 1890 Institutions	96
Budget Authority by Agency, 1995-1997	98
Outlays by Agency, 1995-1997	99
Discretionary Budget Authority by Agency, 1996-1997	100
Discretionary Budget Outlays by Agency, 1996-1997	102
Staff Years by Agency, 1993-1999	104
1996 Supplementals, Budget Authority	105
1996 Rescissions, Budget Authority	107
1997 Proposed Legislation, Budget Authority and Outlays	108

INTRODUCTION

This booklet describes the fiscal year 1997 budget for the U.S. Department of Agriculture (USDA). On October 13, 1994, the President signed into law the Department of Agriculture Reorganization Act of 1994. This booklet presents the 1997 budget on the basis of this legislation. All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, acronyms are used to refer to the Food, Agriculture, Conservation, and Trade Act of 1990 (1990 FACT Act), the Omnibus Budget Reconciliation Act of 1990 (OBRA of 1990) and the Omnibus Budget Reconciliation Act of 1993 (OBRA of 1993).

The booklet is divided into the following sections:

- Highlights. This section is a brief summary of the most significant 1997 budget proposals for the Department of Agriculture.
- Agency Programs. This section provides agency by agency detail of the 1997 budget proposals.
- Appendix Tables.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- "Program Level" represents the gross value of financial assistance provided to the public by USDA. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.
- "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1997 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area.

INTRODUCTION

The reader should also understand that many 1997 estimates are very tentative especially where programs are sensitive to weather or economic conditions. Pending farm and welfare reform legislation may also result in revisions to estimates included in this document.

Questions may be directed to the Office of Budget and Program Analysis at (202) 720-6176.

PROGRAM LEVEL AND OUTLAYS

UNITED STATES DEPARTMENT OF AGRICULTURE

(Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1996 Current Estimate	1997 Budget	Change 1996 to 1997	1996 Current Estimate	1997 Budget	Change 1996 to 1997
FARM AND FOREIGN AGRICULTURAL SERVICES						
Farm Service Agency:						
Farm Credit Programs	\$3,152	\$3,202	\$50	\$396	\$363	-\$33
Crop Insurance	2,467	2,477	10	2,006	1,802	-204
Conservation Reserve Program	1,836	1,992	156	1,841	1,992	151
Other Conservation Programs	75	75	0	170	109	-61
Commodity Credit Corporation Programs	9,023	9,277	254	3,199	3,633	434
Salaries and Expense	1,005	1,031	26	827	789	-38
Pre-credit Reform Loans	0	0	0	-1,219	-1,450	-231
Total, Farm Service Agency	17,558	18,054	496	7,220	7,238	18
Foreign Agricultural Service:						
Export Credit Guarantees	5,700	5,500	-200	*	*	*
Market Promotion Program	110	110	0	*	*	*
Export Enhancement Program	959	861	-98	*	*	*
Food for Progress	122	115	-7	*	*	*
Other Export Promotion Programs	82	87	5	**	**	**
P.L. 480	1,187	1,110	-77	1,266	1,110	-156
Salaries and Expenses	168	180	12	124	133	9
Pre-credit Reform Loans	0	0	0	-501	-489	12
Total, Foreign Agricultural Service	8,328	7,963	-365	889	754	-135
Total, Farm and Foreign Agricultural Svcs.	25,886	26,017	131	8,109	7,992	-117
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT						
Rural Utilities Service:						
Rural Utility Loans and Grants	2,608	3,333	725	710	663	-47
Salaries and Expenses	65	70	5	65	70	5
Pre-credit Reform Loans	0	0	0	-1,330	-1,095	235
Total, Rural Utilities Service	2,673	3,403	730	-555	-362	193
Rural Housing Service:						
Rural Housing Loan and Grant Programs	3,528	4,681	1,153	880	849	-31
Rural Community Loan and Grant Programs	285	302	17	33	24	-9
Salaries and Expenses	441	456	15	441	456	15
Pre-credit Reform Loans	0	0	0	298	-44	-342
Total, Rural Housing Service	4,254	5,439	1,185	1,652	1,285	-367
Rural Business-Cooperative Service:						
Loans and Grants	825	968	143	104	97	-7
Salaries and Expenses	27	29	2	27	29	2
Pre-credit Reform Loans	0	0	0	0	-2	-2
Total, Rural Business-Cooperative Svcs.	852	997	145	131	124	-7
Total, Rural Economic & Community Development	7,779	9,839	2,060	1,228	1,047	-181
Rural Utilities Assistance Program	(999)	0	(-999)	(558)	0	(-558)
Rural Performance Partnership Program					(664)	(664)
FOOD, NUTRITION, AND CONSUMER SERVICES						
Food and Consumer Service:						
Food Stamp Program	26,353	27,519	1,166	26,346	27,474	1,128
Child Nutrition Programs	8,541	9,089	548	8,633	8,975	342
Women, Infants and Children (WIC)	3,830	3,975	145	3,687	3,826	139
Commodity Assistance Programs	163	188	25	166	185	19
Food Donations Programs	215	65	-150	217	92	-125
Salaries and Expenses	107	115	8	107	115	8
Total, Food and Consumer Service	39,209	40,951	1,742	39,156	40,667	1,511
Section 32 Funds	375	338	-37	74	27	-47
Total, Food, Nutrition, and Consumer Svcs.	39,584	41,289	1,705	39,230	40,694	1,464

PROGRAM LEVEL AND OUTLAYS

UNITED STATES DEPARTMENT OF AGRICULTURE

(Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1996 Current Estimate	1997 Budget	Change 1996 to 1997	1996 Current Estimate	1997 Budget	Change 1996 to 1997
NATURAL RESOURCES AND ENVIRONMENT						
Natural Resources Conservation Service:						
Conservation Operations	630	658	28	628	663	35
Wetlands Reserve Program	77	188	111	93	174	81
Watershed and Flood Prevention Operations	100	116	16	266	149	-117
Other Conservation Cost-Share Programs	9	9	0	40	36	-4
Other Programs	43	48	5	47	49	2
Total, Natural Resources Conservation Service	859	1,019	160	1,074	1,071	-3
Forest Service	3,061	3,043	-18	3,151	3,036	-115
Total, Natural Resources and Environment	3,920	4,062	142	4,225	4,107	-118
FOOD SAFETY						
Food Safety and Inspection Service	645	667	22	556	465	-91
RESEARCH, EDUCATION, AND ECONOMICS						
Agricultural Research Service	726	740	14	725	737	12
Cooperative State Research, Education, and Extension Service	850	842	-8	871	832	-39
Economic Research Service	53	55	2	53	55	2
National Agricultural Statistics Service	81	103	22	81	100	19
Subtotal, Research, Education, and Economics	1,710	1,740	30	1,730	1,724	-6
Construction:						
Agricultural Research Service	30	80	50	45	55	10
Cooperative State Research, Education, and Extension Service	46	0	-46	51	54	3
Total, Research, Education, & Economics	1,786	1,820	34	1,826	1,833	7
MARKETING AND REGULATORY PROGRAMS						
Agricultural Marketing Service	238	239	1	166	162	-4
Animal and Plant Health Inspection Service	482	474	-8	421	462	41
Grain Inspection, Packers & Stockyards Admin.	66	68	2	22	11	-11
Total, Marketing and Regulatory Programs	786	781	-5	609	635	26
DEPARTMENTAL ACTIVITIES						
Departmental Offices	174	178	4	167	175	8
Centrally Financed Activities	155	169	14	147	167	20
Total, Departmental Activities	329	347	18	314	342	28
Subtotal, USDA	80,715	84,822	4,108	56,097	57,115	1,018
Receipts	0	0	0	-1,257	-1,173	84
USDA, SUBTOTAL	80,715	84,822	4,108	54,840	55,942	1,102
Natural Disaster Emergency Supplements	260	0	-260	151	66	-85
USDA, TOTAL	\$80,975	\$84,822	\$3,848	\$54,991	\$56,008	\$1,017

* Net outlays attributable to these activities are included in CCC totals.

** Funding from CCC and Section 32.

HIGHLIGHTS

1997 Funding Overview

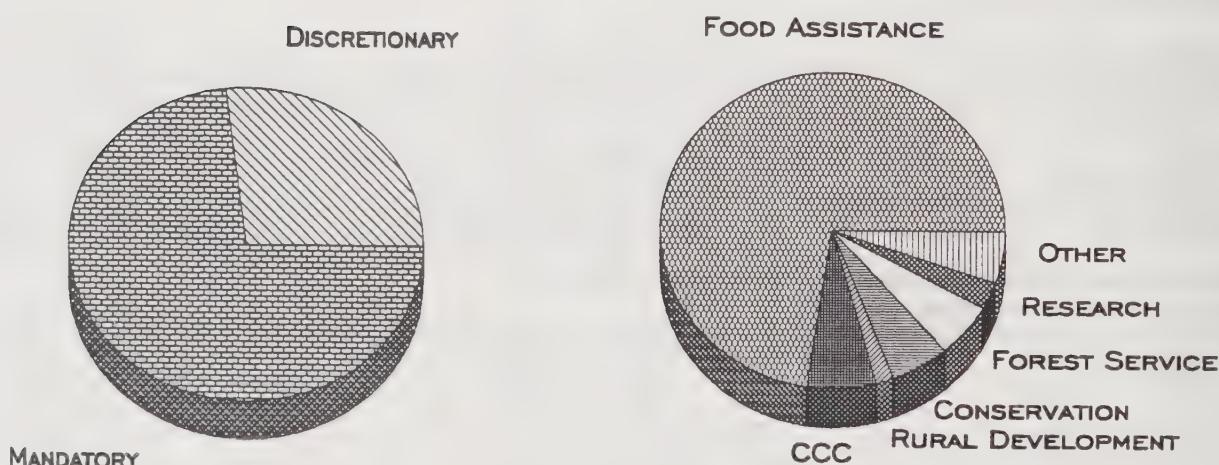
Total USDA program level is projected to increase to \$85 billion from an estimated \$81 billion in 1996. Outlays increase from \$55 billion to \$56 billion over the same period. Lower interest rates permit growth in the program level with relatively less growth in the level of outlays.

As shown in the chart below, roughly three-fourths of USDA outlays, \$40.7 billion in 1997, are tied to mandatory programs. These are programs that provide services as defined by law and include most of the food assistance programs (except the Women, Infants and Children (WIC) Program), commodity programs and the Conservation and Wetlands Reserve programs. At the time this document was prepared, legislation was pending in Congress that would affect the operation of these programs; and therefore the outlay levels. In cases where legislation is pending, discussions presented in this document assume the continuation of programs that were in effect during the past fiscal year.

Discretionary programs, about \$15.2 billion in 1997, or one-fourth of the USDA outlay level are the primary focus of this document. This category includes rural economic development; meat, poultry and egg products inspection; research and technical assistance; management of the National Forests and domestic and international marketing assistance. The WIC program is also included within the discretionary category. Outlays for these programs as a group decline by \$0.4 billion from 1996 in total, although certain programs are increased while others are decreased. In addition, the total outlay impact of these discretionary programs is moderated by proposals to charge user fees to beneficiaries of selected programs. Savings resulting from USDA reorganization and streamlining efforts are also reflected in the budget.

U.S. DEPARTMENT OF AGRICULTURE FISCAL YEAR 1997

Total Outlays \$56 Billion



HIGHLIGHTS

Reorganization/Streamlining

On October 13, 1994, the Department of Agriculture Reorganization Act of 1994 was signed into law. This Act was based on the Administration's proposed legislation to restructure the Department along mission lines. The Department is proceeding with the implementation of this reorganization and the streamlining of administrative and delivery functions according to previous plans.

As part of the reorganization and streamlining efforts, the Department's Federal employment will be reduced by over 13,200 staff years and non-Federal employment by more than 1,100 staff years by 1999 from the 1993 base. Actual progress in achieving this plan is ahead of schedule and the savings that result from lower employment levels and other streamlining efforts are reflected in the Department's budget. (See page 13).

The following pages provide a highlights of the 1997 budget by mission area. More detailed information is provided under the relevant sections of this document.

Farm and Foreign Agricultural Services

Crop Insurance. The budget provides full funding for the continued implementation of the Federal crop insurance program reform which was enacted in October 1994. About 80 percent of the Nation's producers participate in the program, having at least 50 percent of their normal yield covered at 60 percent of expected price. Producers also have the opportunity to buy-up to higher levels of coverage from the private sector. The Government provides a premium subsidy and pays all delivery costs. (See page 18).

Conservation Reserve Program (CRP). The CRP offers producers annual rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. In the 13 CRP signups held since 1986, about 36.4 million acres have been enrolled into the program. The budget assumes that an additional 1.6 million acres will be enrolled after January 1, 1997. The \$151 million increase in outlays in 1997 reflects the costs associated with the 1997 enrollment, including cover practices, payments for environmental easements and costs of technical assistance provided by the Natural Resources Conservation Service and the Forest Service. (See page 20).

Commodity Credit Corporation (CCC) Spending. The CCC outlays shown for 1996 and 1997 in the budget assume the extension of programs provided by the Food, Agriculture, Conservation and Trade (FACT) Act of 1990 and the budget reconciliation acts of 1990 and 1993. Net outlays for CCC domestic programs are expected to decline from \$2.6 billion to \$2.4 billion while outlays for export programs are projected to increase from \$0.6 billion to \$1.2 billion due to estimates of lower export credit guarantee receipts in 1997. Outlays for CCC programs are at their lowest levels in 15 years. (See page 22).

Export Programs. The budget continues the Administration's strong commitment to export promotion by providing just under \$8.0 billion for the Department's international programs and activities in 1997. The budget provides for an increase of \$150 million in the level

HIGHLIGHTS

of supplier credit guarantees for a total of \$250 million to be made available by CCC and an increase of \$12 million, to a total of \$180 million, for the Foreign Agricultural Service (FAS). The FAS proposal will support an expansion in the agency's overseas office structure and its market development activities. For the Market Promotion Program, the budget includes a program level of \$110 million. The 1997 program levels for the Department's export subsidy programs (Export Enhancement Program, Dairy Export Incentive Program, Sunflower Oil Assistance Program, Cottonseed Oil Assistance Program) reflect the second phase of reductions in annual quantity and expenditure ceilings that have been agreed in accordance with the Uruguay Round Agreement on Agriculture. For P.L. 480 foreign food assistance, the budget provides a program level of just over \$1.1 billion, which is expected to provide 3.2 million metric tons of commodity exports. (See page 26).

Rural Economic and Community Development

The budget stresses the high priority recorded to rural economic and community development area with a program level increase of \$2 billion. (See page 33).

Performance Partnership Program. The Administration is proposing to improve the delivery of program assistance by providing more flexibility to tailor assistance to better suit local needs. Currently, funding for the various programs in the Rural Economic and Community Development (RECD) area is distributed among the States, separately for each program. The performance partnership proposal would allow RECD State Directors, in consultation with State and local officials and the State Rural Development Councils and others, including profit and non-profit associations, to adjust the mix of funding they administer based on the needs of individual States. It is anticipated that this proposal will reduce overhead, and improve the delivery of program assistance. In 1996, Congress appropriated funds under the Rural Utilities Assistance Program (RUAP) for the water and waste loans and grants and the solid waste management grants. The 1997 proposal would greatly expand on the flexibility provided under RUAP by including 14 programs in the Performance Partnership Program. (See page 41).

Water 2000. The budget includes a \$400 million increase for water and waste disposal loans and grants. This increase from \$1 billion to \$1.4 billion in loans and grants is consistent with the Water 2000 initiative, which is designed to provide access to running water for every household in rural America by the year 2000. It would allow the poorest rural communities to participate in the water and waste disposal program. This program is included in the performance partnership proposal.

Rural Housing Service. The budget includes an increase of over \$1 billion above the 1996 level for single family housing loans, including a \$300 million increase in direct loans for very-low and low-income families and doubling the funding for the Mutual and Self-Help Program. In addition, the budget proposes a new housing guarantee program to facilitate refinancing borrowers with direct loans and moving them to the private sector. (See page 37).

HIGHLIGHTS

Rural Business-Cooperative Service. An increase of more than \$140 million above the 1996 level is proposed for rural business loans. Included is a proposal to fund a \$50 million program of direct Business and Industry loans that serve small rural businesses where private lender participation to make guaranteed loans is not present. (See page 40).

Food, Nutrition, and Consumer Services

The Department's 1997 budget requests over \$41.3 billion for food and nutrition assistance programs for needy Americans. The budget request fully funds the expected needs of the Food Stamp, Child Nutrition, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) programs in addition, contingency reserves are requested for the Food Stamp Program and WIC. (See page 43).

Food Stamps. The 1997 budget funds the Food Stamp Program at \$27.5 billion which is an increase of \$1.2 billion over 1996 funding. The bulk of this increase is necessary to fund anticipated current law needs and rising food costs offset by a decrease in anticipated participation. The budget also requests resources for implementing the Electronic Benefit Transfer (EBT) system and a \$2.5 billion contingency reserve.

Child Nutrition Programs. The budget request for the Child Nutrition Programs is \$9.1 billion, an increase of \$0.6 billion from the 1996 level, providing for increases in participation and food costs. The budget also includes \$4.7 million to support a nutrition initiative designed to help schools serve meals that meet the *1995 Dietary Guidelines for Americans* and to teach children about nutrition.

WIC. The proposed 1997 program level for WIC is \$4 billion, an increase of \$145 million over the 1996 level. This will enable the program to serve an estimated 7.5 million eligible women, infants, and children by the end of 1997. In addition, in order to ensure that unexpected food cost increases do not interfere with this goal, a \$100 million reserve is requested to be used only in an urgent situation.

Natural Resources and Environment

Natural Resources Conservation Service. Total funding requested in 1997 for the Natural Resources Conservation Service will amount to just over \$1 billion, an increase over 1996 of \$160 million. The Administration continues to place a high priority on the protection and restoration of wetlands and the 1997 budget supports these goals with a \$188 million request to enable NRCS to fund enrollment of 226,000 acres of wetlands into the Wetlands Reserve Program. This would be in addition to the nearly 315,000 acres that are estimated to be enrolled in the program by the end of fiscal year 1996. The overall enrollment goal for the program, as mandated by current law, is 975,000 acres by the end of calendar year 2000. (See page 49).

Another high priority that is supported in this budget is the need to provide adequate levels of support to ensure the successful implementation of the Department's one-stop service center concept. Upgrading the technology that this initiative depends on is critical

HIGHLIGHTS

and the budget for Conservation Technical Assistance includes an increase of \$20 million to acquire more digital orthophotography maps and to accelerate the rate of digitization of soil surveys. NRCS will also devote technical assistance resources to helping landowners who want to voluntarily protect and improve private grazing lands.

Forest Service. Funding is proposed to support a 4.2 Billion Board Feet timber sales level while providing resources for fire protection and suppression and implementation of the Northwest Forest Plan. There are increases in State and Private Forestry programs aimed at the improvement of private and community forest lands. (See page 53).

Northwest Forest Plan. The Northwest Forest Plan identifies and protects key watersheds, old-growth forests, and numerous wildlife species within the range of the northern spotted owl. Logging will be permitted in areas outside the reserves and in a new land classification, Adaptive Management Areas, where resource managers and local communities will be enabled to develop innovative approaches to achieving conservation objectives. Before timber sales can be offered in most areas, watershed assessments must be completed, and there will be an extensive monitoring program to ensure that the Plan's standards and guidelines are being met. The Plan also provides technical and economic assistance to communities and individuals who have been dependent on Federal timber supplies. The 1997 budgets for the Forest Service and Rural Economic and Community Development programs provide \$291.4 million in budget authority and loans to continue implementing the Plan, a 20 percent increase over the 1996 current estimate.

Food Safety

The Administration places high priority on implementing the Hazard Analysis and Critical Control Point (HACCP) inspection systems for meat and poultry. The Department expects to publish the final rule in the Federal Register in the near future.

For 1997, the budget proposes a program level of \$667 million, a \$22 million increase over the 1996 current estimate. For 1996, FSIS is requesting supplemental funding of \$9.5 million. This supplemental funding request includes: (1) resources to hire "other-than-permanent" inspectors to alleviate shortages that could lead to production stoppages and failure to cover processing plants on a daily basis; (2) critical investments for training inspectors in the program for the future, to pilot test new HACCP based inspection systems, and to cooperate with States in small plant HACCP demonstration projects; (3) resources for the highest priority portions of the food safety effort at the producer-level.

Legislation will be proposed to recover the cost of providing inspection services beyond the primary approved shift. Currently, large plants often have more than one approved shift with free inspection services, whereas small plants that do not have the work to warrant full additional shifts do not. This proposal will save \$109.4 million in Federal outlays and will put all plants on an equitable financial basis as all plants will be required to pay for all inspection services beyond one primary approved shift. (See page 59).

HIGHLIGHTS

Research, Education, and Economics

Total funding for the Research, Education, and Economics agencies in 1997 is estimated at \$1.8 billion, about the same level as 1996. There is a net increase of \$14 million for research for the Agricultural Research Service (ARS). Higher priority research activities that will be stressed include: integrated pest management, food safety, preservation and expansion of genetic resource collections, and livestock waste utilization management. The 1997 budget recognizes that modern facilities are required for the conduct of advanced research. A total of \$80 million is requested to modernize or construct labs at nine ARS locations, up from \$30 million in 1996. Basic support for university research and extension through the formula grant programs is maintained, but there are proposed reductions in selected programs that do not serve broad national interests. (See page 63).

Integrated Pest Management and Related Programs. The budget includes the funding needed to move ahead with the Integrated Pest Management (IPM) initiative announced by the Department in December 1994. These are the programs that deliver on the Administration's commitment to help agricultural producers implement IPM practices on 75 percent of total crop acreage by the year 2000. The IPM initiative will target research and education programs to meet producers' needs by increasing the roles of State and local entities and producers in setting priorities for these programs. In addition, there is increased funding for research on alternatives to pesticides that may be lost through pest resistance or regulation. Increases are also proposed to support the minor use registration program and to collect data on use of pesticides and adoption of IPM practices.

National Research Initiative. The National Research Initiative supports fundamental and mission-linked research on the most urgent agricultural, food, and natural resource problems. Funds are awarded on a competitive, merit-reviewed basis. All public and private universities, research organizations, Federal agencies, corporations, and individuals are eligible to compete. The budget proposes an increase of \$33 million to raise the total funding for the program to \$130 million.

Census of Agriculture. The National Agricultural Statistics Service budget includes \$17.5 million for the Census of Agriculture, which has previously been conducted by the Bureau of the Census. Funding will support final preparation for the 1997 Census, which is to be conducted beginning in early 1998.

Marketing and Regulatory Programs

The 1997 budget proposes a program level of \$781 million, a reduction of \$5 million from the 1996 level. Funding for important programs, including ongoing Agricultural Quarantine Inspection, Pesticide Recordkeeping, and monitoring of meat packer competition is increased. (See page 77).

Medfly. Sporadic reinfestations of Medfly in recent years are of significant concern to producers and to importers of U.S. agricultural products. Past efforts have focused on eradicating these reinfestations on an emergency basis. The 1997 budget proposes a

\$10 million program of surveillance and control to provide a continuing means to ensure that any reinfestation is quickly identified and eradicated. (See page 84).

User and License Fees. Legislation will be proposed to recover the cost of providing services where there is a direct benefit to the industry or user and to increase flexibility for user fee program managers to meet demands for such services. New fees are proposed for administering marketing agreements and orders; inspecting facilities for compliance with animal welfare regulations; providing licensing, inspection and testing for animal biologics; issuing permits for biotechnologically derived products; conducting grain standardization activities; and providing financial protection under the Packers and Stockyards Act.

1996 Supplemental Requests

Natural Disaster Emergency Supplements:

The Department is proposing \$229 million in supplemental funding for 1996 to meet critical needs arising from natural disasters including hurricane damage in the South, flooding in the Pacific Northwest and the Northeast and other areas. Funds are proposed for:

- **Farm Service Agency** - \$30 million for the Emergency Conservation Program to provide cost-share assistance to individual producers to help restore farmland which has been damaged by natural disasters.
- **Rural Utilities Service** - \$11 million for water and waste disposal loans and grants to help communities restore damaged water and sewer systems.
- **Rural Housing Service** - \$7.6 million to provide loans and grants to low income individuals to repair housing damaged by floods, hurricanes and other disasters. Assistance will be provided to assist victims of Hurricane Marilyn in the Virgin Islands and flooding in the Pacific Northwest and other areas.
- **Natural Resources Conservation Service** - \$100 million for the Emergency Watershed Protection Program. Funds will support the installation of emergency measures in watersheds to protect life and property from flooding, erosion or sedimentation damage. NRCS provides technical and financial assistance and arranges with local contractors to perform the installation work.
- **Forest Service** - \$80 million to fund the most urgent needs, including repairs to roads, bridges, trails and recreation areas damaged by storms and other disasters.

HIGHLIGHTS

Other Supplements:

- **Food Safety and Inspection Service** - \$9.5 million for ongoing inspection functions and to support a modest effort in incorporating scientific advances into the inspection system.
- **Agricultural Research Service** - \$2.5 million to support research for the United States-Israel Binational Agricultural Research Development (BARD) program which funds research of interest to both countries. This supplemental will provide the same level of support that was provided in 1995 and which is proposed for 1997 to fulfill a commitment with the Israeli government to provide direct support for this program.

The reorganization of the U.S. Department of Agriculture was authorized by Congress in the Department of Agriculture Reorganization Act of 1994. Much progress has been made in implementation of this reorganization. The starting point was the creation of seven mission areas and the restructuring of the headquarters staff offices. The Department has consolidated 43 agencies into 29 along mission lines and consolidated administrative functions within those mission areas. As mandated by the Reorganization Act, the National Appeals Division and the Office of Risk Assessment and Cost-Benefit Analysis have been established.

USDA's initial reorganization and streamlining have resulted in significant staff year reductions. By the end of 1995, USDA was ahead of schedule and had reduced its staff years to less than 104,000, a reduction of 5,000 staff years below the Streamlining Plan and more than 10,000 below the 1993 level of 114,000. Staff year reductions were primarily accomplished through normal attrition and the use of special personnel authorities such as early outs and buyouts. The Plan estimates a total savings of \$2.8 billion in staff year costs and \$1.3 billion in other administrative costs through the end of 1999. These savings have been captured in the 1997 Budget Request.

In addition to headquarters changes USDA is implementing a restructuring of field office locations. To ensure a coordinated effort, the Deputy Secretary has directed a subcommittee of the National Food and Agriculture Council (FAC) to implement the reorganization of USDA's county-based field structure. The FAC is comprised of the Administrator of the Farm Service Agency (FSA), the Chief of the Natural Resources Conservation Service (NRCS), and the Administrator of the Rural Housing Service (RHS). The Administrator of RHS also represents the Administrators of the Rural Business-Cooperative Service (RBS) and Rural Utilities Service (RUS). The Assistant Secretary for Administration is an ex-officio member to provide Departmental oversight. The FAC is staffed by an Executive Officer and a small interagency Service Center Implementation Team (SCIT). The activities which were formerly InfoShare have been incorporated under this broader initiative. The SCIT coordinates the collective resources of the partner agencies devoted to the implementation initiative and the \$7.5 million appropriated to the Office of the Secretary.

The State FACs, comprised of the partner agency heads at the State level, have developed State plans to implement "one-stop" USDA Service Centers, which will include agency collocation, common service areas and shared resources and information. The State implementation activities are monitored and coordinated by the SCIT and the National FAC.

The FAC has also established a number of interagency working groups to implement this initiative. The working groups, including business process reengineering/ improvement, information resources management, office consolidation, customer service and training, are coordinated by the SCIT. The combined efforts of these groups and other coordinated agency activities will provide streamlined business processes, an integrated phone system and a common computing environment which will support efficient program

REORGANIZATION/STREAMLINING

delivery by a downsized field staff functioning as a team in one stop USDA Service Centers. The end result is more efficient service for farmers at a lower cost to the taxpayer.

Approximately 3,700 locations are being restructured to create a network of about 2,500 USDA Service Centers. These Service Centers will provide improved customer service to clients of the Farm Service Agency, Natural Resources Conservation Service and the Rural Economic and Community Development mission area. USDA has closed about 500 field locations since December 1994.

In addition to the Service Center initiative, several other USDA agencies with field structures are closing and consolidating offices and laboratories. These agencies include the Agricultural Marketing Service; Animal and Plant Health Inspection Service; Food Safety and Inspection Service; Grain Inspection, Packers and Stockyards Administration; Food and Consumer Service; Office of the General Counsel; and the Agricultural Research Service. In 1995 about 60 field office closures were completed by these agencies.

United States Department of Agriculture
Staff Year Estimates

REORGANIZATION/STREAMLINING

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>Change 1993 - 1999</u>	
	<u>Base</u>							<u>Amount</u>	<u>Percent</u>
Reorganization Plan:									
Federal Staffing	114,206	109,830	108,894	108,053	105,968	103,917	100,950	-13,256	11.6%
County Office Staffing	<u>14,953</u>	<u>14,176</u>	<u>13,765</u>	<u>13,765</u>	<u>13,765</u>	<u>13,765</u>	<u>13,765</u>	<u>-1,188</u>	<u>-7.9%</u>
Non-Federal									
Total	<u>129,159</u>	<u>124,006</u>	<u>122,659</u>	<u>121,818</u>	<u>119,733</u>	<u>117,682</u>	<u>114,715</u>	<u>-14,444</u>	<u>-11.2%</u>
Current Progress/Estimate:									
Federal Staffing	114,206	109,830	103,848	105,453	104,568	103,447	100,898	-13,308	-11.7%
County Office Staffing	<u>14,953</u>	<u>14,176</u>	<u>13,432</u>	<u>13,224</u>	<u>12,461</u>	<u>12,461</u>	<u>12,461</u>	<u>-2,492</u>	<u>-16.7%</u>
Non-Federal									
Total	<u>129,159</u>	<u>124,006</u>	<u>117,280</u>	<u>118,677</u>	<u>117,029</u>	<u>115,908</u>	<u>113,359</u>	<u>-15,800</u>	<u>-12.2%</u>

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to improve service to farmers and seize trade opportunities to raise farm income. The FFAS agencies include the Farm Service Agency (FSA) and the Foreign Agricultural Service (FAS).

FARM SERVICE AGENCY (FSA)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Farm Credit Programs	\$2,508	\$3,152	\$3,202
Crop Insurance Program	1,930	2,467	2,477
Conservation Programs	1,861	1,911	2,067
Commodity Credit Corporation			
Domestic Programs	15,722	9,023	9,277
Salaries and Expenses	980	1,005	1,031
 Total, FSA	 <u>\$23,001</u>	 <u>\$17,558</u>	 <u>\$18,054</u>

The FSA administers the domestic commodity price and income support programs; crop insurance and other risk management programs; farm ownership, operating, emergency, and disaster loan programs; and the Conservation Reserve Program (CRP) and certain other conservation programs.

The FSA field structure includes 51 State offices and more than 2,500 county offices, which are being collocated in USDA Field Office Service Centers.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
 Farm Credit Programs
 Program Level (P.L.) and Budget Authority (B.A.)
 (Dollars in Millions)

Program	1996					
	1995		Current		1997	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized	\$1,190	\$5	\$1,654	\$19	\$1,750	\$20
Guaranteed Subsidized	189	24	197	18	250	23
Direct	438	57	579	75	445	59
Total, Operating Loans	1,817	86	2,430	112	2,445	102
Farm Ownership Loans:						
Guaranteed Unsubsidized	560	21	535	20	650	26
Direct	56	13	74	14	50	6
Total, Ownership Loans	616	34	609	34	700	32
Emergency Loans	68	22	109	32	0	0
Indian Land Acquisition Loans	1	a/	1	a/	1	a/
Credit Sales of Acquired Property	0	0	0	0	50	5
State Mediation Grants	3	3	2	2	3	3
Outreach for Socially Disadvantaged						
Farmers Grants	3	3	1	1	3	3
Total, Farm Credit Programs	\$2,508	\$148	\$3,152	\$181	\$3,202	\$145

a/ Less than \$0.5 million.

Programs in this area provide direct loans and loan guarantees to family farmers who cannot obtain credit elsewhere. Certain statutory requirements target a portion of the farm operating and farm ownership programs to beginning and socially disadvantaged farmers. There also are statutory limitations on the size of these loans. Credit sales refer to Agency financing of sales of properties in inventory which had been acquired through foreclosures and other actions.

Delinquent borrowers are entitled, under law, to certain servicing actions including loan write-offs and write-downs. Such actions, as well as voluntary conveyances and debt settlements, have resulted in substantial losses. Most of these losses are attributable to loans that could not be repaid because of the farm credit crisis that occurred in the mid-1980's. Recent lending practices have been tightened to place more emphasis on repayment ability in order to reduce the risk of future losses.

FARM AND FOREIGN AGRICULTURAL SERVICES

The 1997 budget continues the trend toward more reliance on guaranteed loans, while maintaining a limited amount of direct loan activity for borrowers who cannot be served through the guaranteed programs. The budget also includes \$50 million for credit sales. Congress eliminated such sales in 1995 and did not restore funding in 1996. This has had an adverse impact on sales to beginning and socially disadvantaged farmers, who have a priority, under law, for purchasing inventory property. Further, the budget restores the outreach program for socially disadvantaged farmers to the \$3 million level. The 1997 budget eliminates funding for emergency loans, as farmers are being encouraged to make use of the Federal crop insurance program. The 1997 budget also reflects the introduction of line of credit direct operating loans. These loans are included in the total amount shown for direct operating loans. They will streamline the application process and ensure funding availability to borrowers who require several years of operating assistance.

It should be noted that program levels are estimates of the amount that can be supported with the budget authority provided, which reflects the subsidy cost. These estimates are subject to change as interest rates and other factors change. Because interest rates have been declining, the subsidy cost of most Federal credit programs is projected to be less in 1997 than in 1996.

Farm Service Agency
Crop Insurance Program
Program Level
(Dollars in Millions)

Program	1995 Actual	1996	
		Current Estimate	1997 Budget
Delivery Expenses	\$392	\$470	\$450 ^{a/}
Indemnities	1,463	1,930	1,960
Noninsured Assistance Payments ..	60	60	60
Other Expenses	15	7	7
Total, Program Level	1,930	2,467	2,477
Less Producer Premium <u>b/</u> ...	-573	-677	-723
Total, Government Costs ...	<u>\$1,357</u>	<u>\$1,790</u>	<u>\$1,754</u> ^{a/}

a/ Includes \$75 million for delivery expenses to be paid from the FSA S&E account.

b/ Producer premium net of underwriting gain retained by companies.

Crop insurance reform legislation enacted in 1994 was implemented for 1995 crops and remains in effect for 1996 crops. While some changes in this legislation are included in the pending Farm Bill, the 1997 budget was developed on the basis of current law and does not reflect these changes.

The reform legislation, the Federal Crop Insurance Reform Act of 1994, was designed to combine the crop insurance and *ad hoc* disaster payment programs. It provided producers of insurable crops with a basic level of protection against catastrophic losses, which will compensate producers for losses greater than 50 percent of the normal yield at 60 percent of the expected price. The only cost to the producer is a processing fee of \$50 per policy, or \$200 for all crops grown by the producer in a county, with a cap of \$600 regardless of the number of crops and counties involved. Catastrophic (CAT) coverage is required for producers who participate in the commodity support, farm credit and certain other farm programs.

Higher levels of coverage are available through private insurance companies. Producers must pay for such coverage; however, the Government subsidizes a portion of the premium cost. This subsidy is equivalent to the premium cost for 50 percent yield coverage at 75 percent of market price. To obtain this subsidy, which is higher than CAT coverage, producers pay the additional premium cost for at least 65 percent of yield coverage. Coverage up to 75 percent of yield and 100 percent of market price is available. All delivery costs are paid by the Government.

About 80 percent of the Nation's producers participate in the program. More than half of the insured acreage is covered at higher levels than CAT, and it is anticipated that more producers will buy-up in the future as they become more familiar with the program.

Currently, 53 of the most economically significant crops are insurable. Producers of other crops are eligible for Noninsured Assistance Program (NAP) payments. Such payments are equivalent in value to CAT coverage, but are made only when there are areawide losses of 35 percent or more.

The 1997 budget provides full funding for the crop insurance program. However, there is a significant difference in the statutory requirements for funding the program in 1997 as opposed to 1995 and 1996. The reform legislation requires both a reduction in the rate at which private companies are reimbursed for delivery expenses from the current rate of 31.5 percent of premium to 29 percent in 1997, and limits the amount of this reimbursement that can be paid out of the FCIC fund for sales commissions to 8.5 percent. This latter requirement results in a shift of \$75 million in expenses from mandatory spending to appropriated discretionary spending.

The rest of the funding for the crop insurance program, including indemnity and NAP payment costs as well as other delivery expenses, is mandatory spending out of the FCIC fund. However, the reform legislation does subject this spending to the appropriation process. In 1995 and 1996, Congress appropriated "such sums as necessary" for this purpose. Such an appropriation is helpful in ensuring that adequate funding for the program will be available in the event that actual costs exceed projected levels which are subject to the uncertainties of weather and other factors. The 1997 budget requests a similar appropriation for mandatory spending.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Conservation Programs
Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Conservation Reserve Program	\$1,738	\$1,836	\$1,992
Agricultural Conservation Program	100	75	75
Emergency Conservation Program	23	0 a/	0
Total, Conservation Programs	<u>\$1,861</u>	<u>\$1,911</u>	<u>\$2,067</u>

a/ Excludes a 1996 Emergency Supplemental request of \$30 million.

The FSA administers the Conservation Reserve Program (CRP), the Agricultural Conservation Program (ACP), and the Emergency Conservation Program (ECP). Other cost-share conservation programs are financed and administered by the Natural Resources Conservation Service (NRCS).

Conservation Reserve Program (CRP). The CRP offers producers annual rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost-share help to establish permanent cover. In the 13 CRP signups held since 1986, about 36.4 million acres have been entered into the program.

In December 1994, the Department announced several provisions affecting the CRP including an effort to re-target the program to more environmentally sensitive acreage that would provide greater water quality and wildlife benefits. Producers with expiring CRP contracts were also permitted to extend their contracts for 1 year. No new signups were held in FY 1995, but an "early-out" was offered on certain acreage where the participant could reduce all or part of the acreage under contract without penalty. Approximately 684,000 acres were signed up for the "early out" and in a thirteenth signup held in September 1995, an equal number of more environmentally sensitive acres were accepted into the program. Enrollment through FY 1995 has, therefore, remained constant at approximately 36.4 million acres. The Secretary announced on January 25, 1996, that a second "early-out" will be offered with sign-up dates to be announced after the rulemaking process is completed.

The Department's CRP enrollment authority expired on December 31, 1995. The Administration strongly supports continuation of the CRP including new enrollment authority in 1996 and beyond. If new enrollment authority is provided, the Department fully intends to replace any new acreage released early from the program with highly sensitive lands.

The 1997 program level of \$2 billion reflects a 1.6 million acre signup consistent with provisions of the 1996 appropriations act and is \$156 million above the 1996 level, reflecting increased cover practices, establishment of environmental easements, and technical assistance.

Agricultural Conservation Program (ACP). The ACP provides cost-sharing to landowners to restore and protect agricultural land and water resources. The 1997 budget request is \$75 million, the same level as in 1996. In 1997, the ACP will target resources to emphasize soil conservation on farmland, rangeland, and pastureland to improve and protect the quality of surface and ground water.

Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: 1) impair or endanger the land; 2) materially affect the productive capacity of the land; 3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and 4) represent damage that is unusual in character and not the type which would recur frequently in the same area. In addition, ECP funds can be used after a drought designation has been declared in the restoration of disaster-damaged farmland for water enhancement measures.

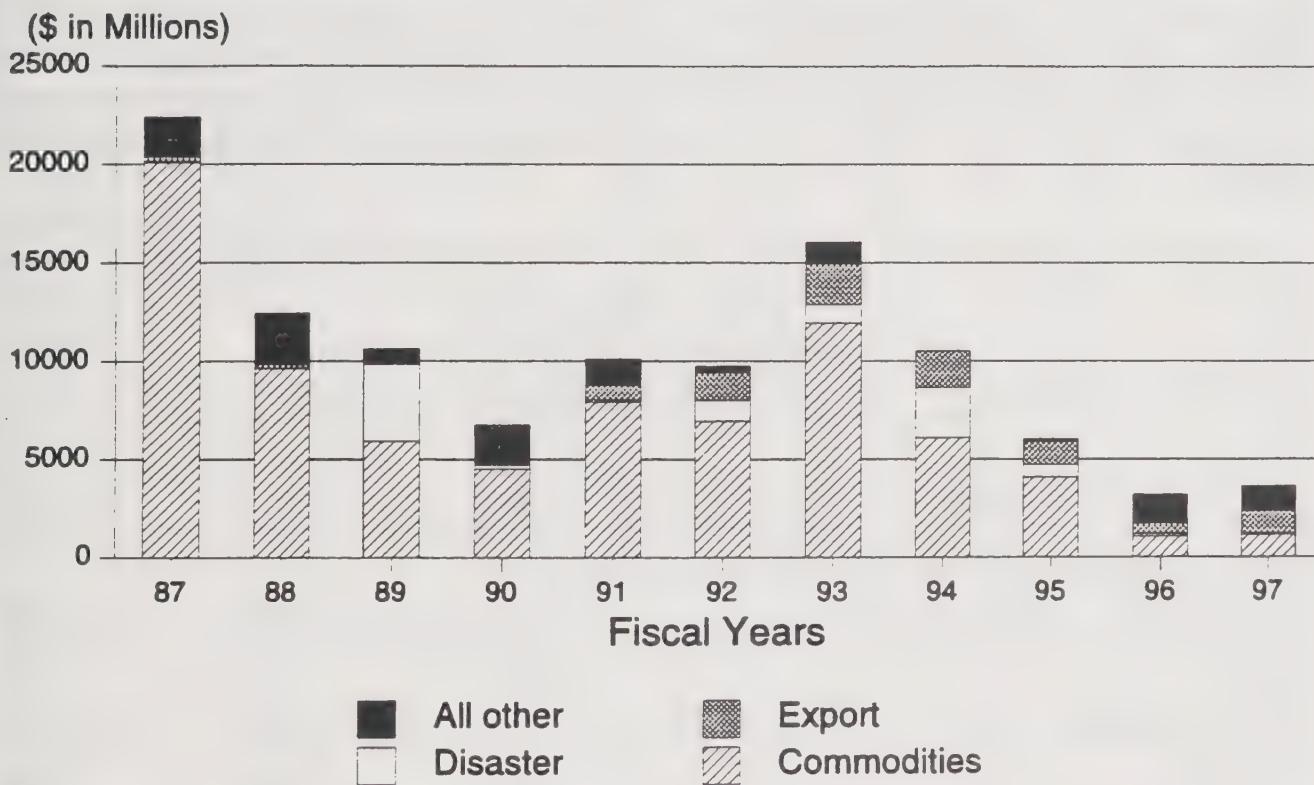
Commodity Credit Corporation (CCC)

Domestic farm commodity price and income support programs are administered by the Farm Service Agency (FSA) and financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1995 outlays relate to the 1994 crop, and fiscal year 1996 outlays primarily relate to the 1995 crop.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Commodity Credit Corporation (CCC)

CCC Net Expenditures



The CCC outlays shown for 1996 and 1997 assume the extension of programs provided by the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990 and the budget reconciliation acts of 1990 and 1993. The price and income support and other programs funded by CCC for the 1996 crops and beyond will be determined by farm program legislation to be enacted in early 1996.

CCC outlays have been highly variable. Total net outlays over the 10 years from 1987 to 1996 range from more than \$22 billion in 1987 to slightly more than \$3 billion estimated for 1996 if the programs for the 1995 crop were continued for 1996.

From a larger perspective, CCC outlays for price and income support programs are at their lowest level in 15 years. CCC programs have traditionally functioned as shock absorbers to blunt or offset the effects of the inherent wide fluctuations in agricultural commodity markets on commodity prices and farm income. Program outlays have been difficult to predict accurately since they are heavily influenced by weather, changes in foreign markets, and other uncertain events affecting commodity prices during the nearly two-year period between preparation of the initial budget estimate and compilation of actual outlays at the end of the fiscal year.

FARM AND FOREIGN AGRICULTURAL SERVICES

Average annual CCC outlays declined from \$16 billion during 1986-90 to \$10 billion for the period 1991-95, and are projected at about \$3 billion in 1996 and less than \$4 billion in 1997. The decline in outlays reflects program reforms included in the Food Security Act of 1985 as well as reductions in payment acres, expanded CRP, increased marketing assessments, and other provisions of the 1990 FACT Act and OBRA of 1990.

Spending has also been reduced as a result of legislation in 1993 phasing out the wool and mohair program and provisions in the OBRA of 1993 which lowered export program expenditures and reduced payments on land idled under annual conservation programs. Significant growth in demand for farm products including export growth aided by the North American Free Trade Agreement and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) has also strengthened commodity prices and reduced CCC outlays.

Farm Service Agency
CCC Net Program Outlays by Commodity
(Dollars in Millions)

Commodity	1995	Fiscal Years	
		1996 ^{a/}	1997 ^{a/}
Baseline Expenditures:			
Feed Grains	\$2,392	\$608	-382
Wheat	803	149	311
Rice	814	475	706
Upland Cotton	99	94	376
Tobacco	-298	-408	-165
Dairy	4	43	181
Soybeans	77	-81	4
Peanuts	120	122	65
Honey	-9	0	-2
Wool and Mohair	108	59	0
Disaster Assistance ^{b/}	660	100	80
Other ^{c/}	<u>1,260</u>	<u>2,038</u>	<u>2,459</u>
 Total, CCC Net Outlays	 <u>\$6,030</u>	 <u>\$3,199</u>	 <u>\$3,633</u>

a/ Assumes continuation of the program provided by the FACT Act of 1990.

b/ Includes crop disaster payments and livestock assistance programs in 1995 and 1996 and livestock assistance in 1997.

c/ Includes minor oilseeds, rye, vegetable oil products, extra long staple cotton, and sugar. Also includes changes in working capital, operating expenses, net interest expenditures and export programs.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
 Analysis of CCC Program and Outlay Levels
 (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1996	FY 1997	FY 1996	FY 1997
Price Support Loans	\$5,700	\$7,059	\$-516	\$361
Direct Payments	1,612	627	1,612	627
Purchases and Sales	835	916	77	232
Processing, Storage, and Transportation	62	58	62	58
Operating Expenses	7	7	7	7
Interest Expenditure	379	211	215	59
Disaster Assistance <u>a/</u>	100	80	100	80
All Other <u>b/</u>	328	319	1,002	1,006
Total, Domestic Programs ..	9,023	9,277	2,559	2,430
Export Programs <u>c/</u>	6,842	6,549	640	1,203
Total, CCC Request	<u>\$15,865</u>	<u>\$15,826</u>	<u>\$3,199</u>	<u>\$3,633</u>

a/ Includes crop disaster payments and assistance for livestock producers.

b/ Includes miscellaneous program costs, and changes in working capital.

c/ Excludes CCC spending for commodity purchases and ocean transportation under the Food for Progress program.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Salaries and Expenses (Dollars in Millions)

Activity	Program Level	
	FY 1996	FY 1997
Ongoing Programs	\$1,005	\$1,031
Crop Insurance Delivery Expenses	0	75
Total, FSA Salaries and Expenses	<u>\$1,005</u>	<u>\$1,106</u>

The FSA's salaries and expenses account funds all management related activities for FSA programs. FSA also provides administrative support to the Foreign Agricultural Service (FAS) under a reimbursable agreement.

The 1997 budget proposes a program level of \$1.1 billion estimated to support a ceiling of 6,767 Federal staff years and 12,461 non-Federal county staff years.

Beginning in 1997, payments of sales commissions to reinsurance companies will be partially paid from this account. These payments were formerly paid entirely from the Federal Crop Insurance Corporation Fund. An estimated \$75 million will be paid to reinsurance companies in 1997 from the FSA Salaries and Expenses account.

FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

International Programs and Activities Program Level (Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
CCC Export Credit:			
Short-term Guarantees (GSM-102) . . .	\$2,772	\$5,200	\$5,000
(Supplier Credit Guarantees)	(0)	(100)	(250)
(Facilities Financing Guarantees) . . .	(0)	(100)	(100)
Intermediate-term Guarantees (GSM-103)	<u>149</u>	<u>500</u>	<u>500</u>
Total, CCC Export Credit	<u>2,921</u>	<u>5,700</u>	<u>5,500</u>
Market Promotion Program	110	110	110
Export Enhancement Program	339	959	861
Dairy Export Incentive Program	140	58	67
Sunflower and Cottonseed Oil Assistance Programs	0	24	20
P.L. 480 Food Assistance	1,286	1,187	1,110
Food for Progress Program <u>a/</u>	146	122	115
FAS Salaries and Expenses	<u>159</u>	<u>168</u>	<u>180</u>
Total, International Programs	<u><u>\$5,101</u></u>	<u><u>\$8,328</u></u>	<u><u>\$7,963</u></u>

a/ Includes that portion of Food for Progress programming supported by CCC funds.

The Department carries out a variety of commercial export programs which are designed to expand the levels of U.S. agricultural exports and develop long-term overseas markets. These programs play an important role in achieving the Department's export expansion objectives, and their contribution is expected to increase as the market-opening provisions of the GATT Uruguay Round Agreement continue to be implemented. To ensure that America's farmers and ranchers are able to take full advantage of emerging export market opportunities, the 1996 budget proposed a number of increases in the program levels for "greenbox" and other GATT consistent export promotion activities over the 1995-98 period. Export promotion programs remain a priority of the Administration.

CCC Export Credit Guarantee Programs. Under these programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. Generally, export credit is made available to developing and

FARM AND FOREIGN AGRICULTURAL SERVICES

middle-income countries with foreign exchange constraints, which would not be able to purchase U.S. agricultural commodities without commercial credit being made available.

A total program level of \$5.5 billion has been established for the CCC export credit guarantee programs for 1997. This includes \$5.0 billion to be made available under the GSM-102 program, which provides guarantees on export credit with short-term repayment terms (up to 3 years), and \$500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). While the budget provides an overall program level for CCC export credit guarantees which is somewhat reduced from 1996, the proposed level more accurately reflects the level of sales activity under the program in recent years.

In last year's budget, the Department proposed the implementation of two new credit guarantee activities as part of the GSM-102 program. The first is supplier credit guarantees, which are a component of the Department's "greenbox" initiative. Under this activity, CCC will guarantee payment by foreign buyers of U.S. agricultural commodities and products which are sold by U.S. suppliers on a deferred payment basis. This differs from other GSM-102 guarantees in that foreign banks and foreign bank letters of credit will not be involved in the transaction, but rather the foreign buyer alone will bear ultimate responsibility for repayment of the credit. The duration of the credit is also expected to be relatively short, generally up to 180 days. Supplier credit guarantees are expected to be particularly useful in facilitating sales of high value products, a fast-growing component of U.S. agricultural exports.

Proposed program regulations for supplier credit guarantees were published in July 1995, and final regulations are currently being developed for publication later this fiscal year. Implementation of supplier credit guarantees can begin once the regulations are in place. A program level of \$250 million is proposed for supplier credit guarantees in 1997, an increase of \$150 million over the level proposed for 1996.

The second credit guarantee initiative proposed in last year's budget is facilities financing guarantees. Under this activity, CCC will provide guarantees to encourage the sale of facilities and/or U.S. goods and services to address infrastructure barriers to increasing sales of U.S. agricultural products. To be eligible for guarantee coverage, projects must improve the handling, marketing, storage, or distribution of imported agricultural commodities and products.

Statutory authority for facilities financing guarantees was provided in the 1990 FACT Act, as part of the emerging democracies credit guarantee program. That authority expired at the end of 1995, but is expected to be renewed in the new Farm Bill. Once the new legislation is enacted and revised program regulations are published, the Department will be able to implement this initiative. A program level of \$100 million is proposed for facilities guarantees for 1997, unchanged from the 1996 level.

Market Promotion Program (MPP). The purpose of MPP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market

development and export promotion activities in designated countries. Participating organizations include nonprofit agricultural trade organizations, State regional trade groups, and private companies.

The budget provides a program level of \$110 million for MPP in 1997, which is consistent with the program's authorizing legislation and unchanged from 1996. However, this program level could change as a result of proposals Congress is considering as it develops the new Farm Bill.

Export Subsidy Programs. The Department currently has four export subsidy programs: the Export Enhancement Program (EEP), Dairy Export Incentive Program (DEIP), Sunflower Oil Assistance Program (SOAP), and the Cottonseed Oil Assistance Program (COAP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

Under the terms of the Uruguay Round Agreement on Agriculture, the export subsidy practices of agricultural exporting countries are being reduced; the Agreement establishes annual ceilings by commodity group with respect to both the quantity and budgetary expenditures for export subsidies. Over a 6-year period, subsidized exports are to be reduced 21 percent in volume and 36 percent in budget outlays from 1986-90 base period levels.

For the United States, the quantity reductions will be carried out on a July-June basis, which began July 1, 1995, while the expenditure reductions will be carried out on an October-September basis, which began October 1, 1995. The program levels included in the 1997 budget for EEP, DEIP, SOAP, and COAP reflect the second phase of the required reductions in subsidy activity.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service
 Public Law 480 Food Assistance Programs
 Program and Tonnage Levels

Program	1995 Actual	1996 Current Estimate	1997 Budget
Title I Credit Sales:			
Dollars in Millions	\$294	\$316	\$233
Million Metric Tons Grain Equivalent	1.1	1.2	1.0
Title II Donations:			
Dollars in Millions	882	821	837
Million Metric Tons Grain Equivalent	2.2	2.0	2.0
Title III Grants:			
Dollars in Millions	110	50	40
Million Metric Tons Grain Equivalent	0.5	0.2	0.2
Total, P.L. 480 Programs:			
Dollars in Millions	\$1,286	\$1,187	\$1,110
Million Metric Tons Grain Equivalent	3.8	3.4	3.2

Public Law 480 (P.L. 480). Also referred to as Food for Peace, P.L. 480 is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries through long-term concessional financing. In allocating assistance to be provided under the Title I program, priority is given to those developing countries which demonstrate the greatest need for food, are undertaking measures to improve their food security and agricultural development, and are potential commercial markets for U.S. agricultural commodities. The Title I program is administered by FAS.

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other situations with extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold on the

FARM AND FOREIGN AGRICULTURAL SERVICES

domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

Statutory authority to enter into new P.L. 480 agreements expired on December 31, 1995; however, this authority is expected to be extended in a new Farm Bill. In addition, the Administration has proposed a number of legislative changes to improve the effectiveness of P.L. 480 activities, which are presently under consideration in Congress. In the case of Title I, these recommendations are designed to improve the program's contribution to long-term market development and to streamline its operations and procedures. In the case of Title II, an increase is proposed in the level of financial support which can be provided for the overseas administrative expenses of donor organizations.

For 1997, the budget includes a total program level for P.L. 480 food assistance of just over \$1.1 billion. This is expected to provide approximately 3.2 million metric tons of commodity assistance, a reduction of about 200,000 metric tons from the current estimate for 1996. While somewhat reduced funding levels are proposed for Titles I and III, the budget provides a higher program level for Title II donations. This will ensure that adequate resources are available to meet the most serious food assistance needs, including emergencies.

Food for Progress. Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, or cooperatives. Agreements may provide for the commodities to be provided on either long-term credit or grant terms.

Food for Progress commodities and program funding can be provided through three different sources: P.L. 480 Title I funds can be used for the procurement and transportation costs of the commodities; CCC-owned commodities can be made available under the authority of section 416(b) of the Agricultural Act of 1949 with transportation and other non-commodity expenses paid with CCC funds; or CCC funds can be used for both the procurement and shipment of commodities when CCC does not have surplus commodities in inventory.

The authorizing statute for Food for Progress limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year. As in the case of P.L. 480, statutory authority to enter into new Food for Progress agreements expired on December 31, 1995, but is expected to be extended in the new Farm Bill. The budget assumes that approximately \$115 million of CCC funds will be used to support Food for Progress programming in 1997. This includes \$85 million for the purchase of commodities by CCC and \$30 million for transportation and related costs. Additional Food for Progress programming is expected to be carried out with funding made available under P.L. 480 Title I.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service
Salaries and Expenses
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Foreign Agricultural Affairs	\$39	\$41	\$43
Foreign Market Information and Access . .	17	19	20
Foreign Market Development	45	49	58
International Cooperation and Development	6	7	7
General Sales Manager	9	9	9
Total, Direct Programs	116	125	137
Trust Funds	1	1	1
Reimbursable Programs Funded by AID and Other Organizations	32	32	32
Emerging Markets Program Funded by CCC	10	10	10
Total, Salaries and Expenses	\$159	\$168	\$180

The primary mission of the Foreign Agricultural Service (FAS) is the expansion and maintenance of overseas markets for U.S. food and agricultural products. The agency's activities include representation of U.S. agricultural interests abroad, foreign commodity reporting and analysis, participation in international trade policy formulation and negotiations, and export promotion and market development activities, including administration of the Department's major commercial export and foreign food assistance programs. FAS is also responsible for administration of scientific and technical exchanges, cooperative international research, liaison with international food and agricultural organizations, and agricultural technical assistance, training and research activities in developing countries and emerging markets. FAS implements its programs through offices in Washington, D.C. and 75 overseas counselor/attaché posts and Agricultural Trade Offices (ATOs).

Last year's budget requested increased funding for several trade and export promotion activities of FAS as part of the Administration's "greenbox" initiative. With additional funds provided in the 1996 Agriculture Appropriations Act, FAS has increased its support for a number of these activities, including the Foreign Market Development Cooperator Program, international trade shows and trade missions, the Cochran (Agricultural) Fellowship Program, and an FAS sanitary and phytosanitary trade policy team. The

FARM AND FOREIGN AGRICULTURAL SERVICES

additional funding also allows FAS to initiate a program to consolidate and expand its overseas counselor/attaché offices and ATOs.

The 1997 budget requests further funding increases for FAS consistent with the "greenbox" initiative. A total program level of \$180 million is proposed, of which \$137 million is direct appropriated funding for FAS programs and administrative expenses. This represents an increase of \$12 million or approximately 10 percent over the 1996 level.

Among the proposed increases is funding to continue expansion of FAS's overseas office structure. The budget provides for FAS to open two new attaché offices in Mexican border locations and a European Union policy information clearinghouse in Brussels, Belgium. It also includes funding to expand existing counselor/attaché offices in Beijing, China and Geneva, Switzerland. Similarly, the budget provides for the opening of three new ATOs (Sao Paulo, Brazil; Milan, Italy; and a Caribbean regional office in Miami) and the expansion of five others (Guangzhou and Shanghai, China; Jakarta, Indonesia; Moscow, Russia; and Hamburg, Germany).

Increases are also proposed for a number of FAS market development activities. These include an expansion in the Federal/State Market Improvement Program (FSMIP) to provide matching grants to State Departments of Agriculture to develop innovative marketing techniques for use in international markets and implementation of a new Distributor Development Program. This program will develop marketing strategies for specific groups of agricultural products with a high market development potential in fast-growing overseas markets.

The budget also provides an increase of \$4 million for FAS' contribution to the Foreign Market Development Cooperator Program to target new activities in selected high-growth and emerging markets, which are consistent with FAS' long-term strategic marketing priorities. A new competitive basis for awarding cooperator cost-share assistance is proposed to generate maximum U.S. exports.

In addition, the FAS budget includes an estimated \$43 million in funding to be made available through trust funds and reimbursable agreements. The largest component of this consists of funding for technical assistance, training, and research activities which FAS carries out overseas on behalf of AID, foreign governments, and international organizations. Another major component is reimbursable funding from CCC which will support technical assistance activities in emerging markets aimed at enhancing their food and rural business systems and expanding U.S. agricultural exports. Implementation of technical assistance programs in emerging markets is contingent on this authority being extended in the new Farm Bill and the authority being refocused on emerging markets as recommended by the Administration.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

MISSION

The Department administers a broad range of programs that provide loan, grant, and technical assistance to improve the quality of life for rural residents. Some programs provide assistance to individual rural residents. For example, the single-family housing program provides low-interest loans and loan guarantees for the purchase and repair of modest housing units. Other programs provide assistance for facilities that serve rural residents. Examples include rural electrification and telecommunications loans, water and waste disposal loans and grants, and community facility loans -- each of which helps in the financing of facilities that provide services to rural residents. Still other programs, primarily those that provide financial and other assistance to rural businesses, are intended to serve rural residents by saving and creating jobs for their economic livelihood.

There are three agencies in this mission area: the Rural Housing Service (RHS), the Rural Utilities Service (RUS) and the Rural Business-Cooperative Service (RBS).

RECD delivers programs at the local level through an extensive network of county and district offices which, under the Department's streamlining effort, are being co-located within USDA Service Centers. RECD State Directors are responsible for the full range of RECD programs and resources within their state. Support services are administered primarily through the RHS for the entire mission area.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT (RECD)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1995		1996		1997	
	P.L.	B.A.	Cur. Est.	B.A.	Budget	B.A.
Rural Utilities Service	\$2,926	\$786	\$2,673	\$696	\$3,403	\$797
Rural Housing Service	3,480	1,428	4,254	1,335	5,439	1,318
Rural Business-Cooperative Service	629	140	852	112	997	130
Total, RECD	<u>\$7,035</u>	<u>\$2,354</u>	<u>\$7,779</u>	<u>\$2,143</u>	<u>\$9,839</u>	<u>\$2,245</u>

For loan programs, the budget reflects both an estimated loan level, which is also the program level, and the budget authority necessary to cover the interest subsidy and other costs over the lifetime of the loans.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

In some cases, the program levels estimated for 1997 are the same levels that are reflected in the Agriculture Appropriations Act for 1996, and the decreases in budget authority reflect savings due to an overall decline in interest rates, which reduces subsidy costs for direct loans. The 1997 budget does, however, include some significant program level increases over the 1996 levels including, \$100 million in Federal Financing Bank (FFB) rural electric loans, \$700 million in single-family housing guarantees, \$50 million in business and industry loan guarantees, \$50 million for direct business and industry loans, and \$125 million for a new program of distance learning and telemedicine loans. There is also an increase of \$190 million in water and waste disposal grants.

Overall, the 1997 budget reflects the Administration's strong support for helping rural communities remain viable, attractive places for people to live, and to ensure that rural residents receive necessary services, including access to modern telecommunications. It supports the Administration's Water 2000 initiative to bring running water to all rural residents, and maintains the momentum toward providing decent, safe and sanitary housing for low as well as moderate income families.

RURAL UTILITIES SERVICE (RUS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1995 Actual		1996 Cur. Est.		1997 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%	\$74	\$10	\$90	\$21	\$125	\$4
Municipal	536	46	545	57	600	32
FFB Insured	300	--	300	2	400	4
Total, Electric Loans	910	56	935	80	1,125	40
Telecommunications Loans:						
Direct 5%	48	4	71	14	75	1
Treasury Rate	242	a/	300	a/	300	a/
FFB Insured	120	--	120	--	120	--
Total, Telecom. Loans	410	4	491	14	495	1
Rural Telephone Bank (RTB) ..	175	1	175	5	175	2
Total, Elec., Tele. and RTB	1,495	61	1,601	99	1,795	43
Distance Learning and Telemedicine Loans:						
Direct 5%	--	--	--	--	50	1
Treasury Rate	--	--	--	--	75	1

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

Program	1995 Actual		1996 Cur. Est.		1997 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Water and Waste Disposal Loans						
Direct	828	126	547	123	800	69
Guaranteed	---	---	50	---	---	---
Grant Programs:						
Distance Learning & Med. Link	8	8	8	8	20	20
Water and Waste Disposal . . .	508	500	400	399	590	590
Other	8	12	2	2	3	3
Total, Grants	<u>524</u>	<u>520</u>	<u>410</u>	<u>409</u>	<u>613</u>	<u>613</u>
Rural Utilities Assistance						
Program b/	0	0	(999)	(524)	0	0
Total, RUS Loans & Grants . . .	2,847	707	2,608	631	3,333	727
Salaries and Expenses	<u>79</u>	<u>79</u>	<u>65</u>	<u>65</u>	<u>70</u>	<u>70</u>
Total, RUS	<u><u>\$2,926</u></u>	<u><u>\$786</u></u>	<u><u>\$2,673</u></u>	<u><u>\$696</u></u>	<u><u>\$3,403</u></u>	<u><u>\$797</u></u>

a/ Less than \$0.5 million.

b/ Includes Water and Waste Disposal Loans and Grants and Solid Waste Grants.

Note: Excludes 1996 Emergency Supplemental request.

The electric and telecommunications programs provide loans for upgrading and expanding facilities to improve service of these amenities to rural residents. Most borrowers are able to get a portion of their credit needs from private sources. However, direct loans allow borrowers to leverage private sources of credit to meet their full credit requirements. These loans are made available at Treasury and municipal bond interest rates, as well as 5 percent interest for hardship borrowers.

A major reform of the nation's telecommunications legislation was recently signed into law by the President that endorses the concept of universal service so that rural areas, with low population density and limited economic means, are not excluded from the benefits of modern telecommunications technology. The programs administered by the Rural Utilities Service provide financing for rural America to gain equal access to these important technologies.

The distance learning and telemedicine program provides assistance for facilities and equipment to provide telecommunications linkages among education and health care facilities. The program has experienced a demand for funds far in excess of the amount of funding that has been available. Many of the projects offer the capacity to repay financing available through loans.

The budget provides for a substantial increase in the distance learning and telemedicine program. The level of grants would more than double the amount that was appropriated

for 1996, and the program would be extended by adding \$125 million in loans (\$50 million at 5 percent interest and \$75 million at the Treasury rate). This increase in funding is necessary to ensure that rural America is properly linked to the Information Superhighway.

Further, the budget provides for a \$35 million increase in the level of direct 5 percent interest electric loans, a \$55 million increase in the level of direct municipal rate electric loans, and a \$100 million increase in the level of FFB-insured electric loans. The telecommunication loan levels are essentially the same as provided for in the 1996 Agriculture Appropriations Act.

The water and waste disposal program provides assistance to communities with populations not in excess of 10,000. Communities must be denied access to commercial credit in order to be eligible for assistance. Evidence, such as the Needs Survey conducted every two years by the Environmental Protection Agency, indicates that there are significant needs for such assistance in order to bring communities into conformance with Federal drinking water and other health standards. Further, the 1990 Census indicates that there are over 400,000 rural households, totaling over 1.2 million rural residents, that lack complete plumbing. In the Water 2000 initiative, the Department established the objective of providing clean running water to these households by the year 2000.

The 1997 budget requests budget authority of \$662 million to support \$800 million in loans and \$593 million in grants for the water and waste disposal and solid waste management programs. In 1996, Congress appropriated \$488 million under the Rural Utilities Assistance Program (RUAP), and by transfer from the Food and Consumer Service, another \$36 million, in budget authority to support water and waste disposal loans and grants and solid waste management grants. Using the flexibility provided by RUAP, the budget authority was converted into a program level of \$597 million in loans and \$401 million in grants. The increase in budget authority requested for 1997 would support the Administration's Water 2000 initiative, which would help to bring the basic amenity of clean and safe running water to rural America's poorest communities, particularly households which lack complete plumbing.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1995		1996		1997	
	P.L.	B.A.	Cur. Est.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single-Family						
Direct	\$934	\$228	\$1,016	\$145	\$1,320	\$110
Guarantees	1,049	17	1,700	3	2,400	6
Rural Rental Housing	183	100	152	82	220	91
Very Low-Income Repair	29	12	38	14	35	11
Farm Labor Housing	15	8	15	9	16	8
Self-Help Housing	<u>a/</u>	<u>a/</u>	1	<u>a/</u>	1	<u>a/</u>
Housing Site Development ..	<u>a/</u>	--	1	--	1	--
Credit Sales	--	--	--	--	75	6
Total, Housing Loans	2,211	365	2,923	253	4,068	232
Community Facility Loans:						
Direct	176	21	208	35	200	15
Guarantees	51	2	75	4	100	<u>a/</u>
Grants and Payments:						
Very Low-Income Repair	28	28	25	25	25	25
Farm Labor Housing	11	11	10	10	10	10
Mutual and Self-Help	15	13	13	13	26	26
Supervisory and Technical Asst.	<u>a/</u>	--	5	--	--	--
Compensation for Const. Defects	<u>a/</u>	<u>a/</u>	<u>a/</u>	<u>a/</u>	--	--
Rural Housing Preservation ..	22	22	11	11	11	11
Rental Assistance Payments ..	523	523	541	541	541	541
Fire Protection Grants	3	3	2	2	2	2
Total, Grants	602	600	607	602	615	615
Total, Loans and Grants	3,040	988	3,813	894	4,983	862
Salaries and Expenses	440	440	441	441	456	456
Total, RHS	<u>\$3,480</u>	<u>\$1,428</u>	<u>\$4,254</u>	<u>\$1,335</u>	<u>\$5,439</u>	<u>\$1,318</u>

a/ Less than \$0.5 million.

Note: Excludes 1996 Emergency Supplemental request.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

RHS administers the Department's rural housing programs, which provide direct loans, loan guarantees, rental assistance payments, and grants for low-income families who reside in rural areas. The agency also administers the community facility loan program.

The 1997 budget for this agency supports an increase in program level of \$1.2 billion over 1996, bringing the 1997 level to \$5.4 billion. Of this amount, almost \$4.4 billion represents loans -- the largest components being \$2.4 billion in unsubsidized single family housing loan guarantees and \$1.3 billion in direct single family housing loans. The budget does, however, reflect a reduction of about \$32 million in budget authority in these compared to the amounts appropriated for 1996. This decrease in budget authority, which represents the amount of subsidy incorporated in the various loan programs, is attributable primarily to the decline in interest rates which has reduced the Government's cost of borrowing and, thus, subsidy rates.

Direct single family housing loans are made to very low- and low-income families. These loans may receive interest rate credit subsidy that can reduce the borrower's interest rate down to as low as 1 percent. The 1997 budget represents an increase of over \$300 million above the 1996 level. Loan guarantees primarily serve families with moderate incomes; the interest rate is negotiable between lender and borrower. The 1997 budget represents an increase of \$700 million in these loan guarantees.

The rural rental housing loan program would increase to \$220 million in 1997 compared to \$152 million for 1996, provided Housing Act legislation is enacted to extend the program. This program provides financing to construct and maintain multifamily rental projects that serve low-income families. Loans made under this program are also eligible for interest credit assistance, based on the incomes of the families that occupy units in the projects. In addition, about 60 percent of the units in most projects receive rental assistance payments, to bring the rent on such units down to 30 percent of the income of the occupant. Rental assistance is needed in about 90 percent of the units in new projects. Rental assistance contracts are usually made for 5 years, and require renewal in order to keep the unit available for low-income families and the project viable for the sponsor. The budget includes \$541 million for the rental assistance program, the same as was appropriated for 1996. Most of this will be used for renewals.

The 1997 budget provides \$75 million for credit sales. Such sales are used to finance sales of properties that the agency acquires through foreclosure and other actions.

The agency's other housing programs serve specific needs, such as repair, self-help (whereby families work together in the construction of their homes) and farm labor housing projects.

Overall, the budget for the rural housing programs is expected to provide assistance for approximately 110,000 units, compared to about 96,000 units that are expected to be assisted in 1996.

Under the community facilities program, priority is given to the financing of health and safety facilities. There are three interest rates available on direct loans, with the lowest,

4.5 percent, offered to communities where the median income is below the poverty level and to meet health and sanitary standards. The budget provides for maintaining the direct loan program at the 1996 level, combined with a modest increase in the guarantee program.

The budget also provides for a modest increase in administrative expenses. This increase provides funding necessary to complete development of the Agency's innovative Direct Loan Origination and Servicing (DLOS) system. DLOS will deliver modern and innovative services to rural single-family housing borrowers through a centralized loan origination and servicing center, and is expected to save over \$250 million over the next five years.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1995		1996		1997	
	P.L.	B.A.	Cur. Est.	B.A.	P.L.	B.A.
Loans:						
Business and Industry:						
Guarantees	\$424	\$4	\$700	\$6	\$750	\$7
Direct	--	--	--	--	50	--
Intermediary Relending Prog. .	85	46	38	22	80	37
Rural Economic Development .	12	3	13	4	14	3
Total, Loans	521	53	751	32	894	47
Grants:						
Rural Business Enterprise	48	48	45	45	45	45
Rural Technology and Cooperative Development	2	2	1	1	2	2
Appropriate Technology Transfer for Rural Areas	0	0	1	1	1	1
Rural Economic Development .	20	<u>a/</u>	20	<u>a/</u>	20	<u>a/</u>
Alternative Agricultural Research and Commercialization	6	4	7	6	6	6
Total, Grants	76	54	74	53	74	54
Total, Loans and Grants	597	107	825	85	968	101
Salaries and Expenses	32	32	27	27	29	29
Total, RBS	\$629	\$139	\$852	\$112	\$997	\$130

a/ Section 313 of the Rural Electric Act provides the authority to make grants with earnings generated by the interest differential on voluntary cushion of credit payments made by RUS borrowers. Therefore, no budget authority is needed.

RBS administers the Department's rural business assistance programs, including technical assistance, development, and research for agricultural cooperatives.

The agency delivers a wide variety of services to its clients. Business and Industry (B&I) loan guarantees, for, example, provide protection against loss so that private lenders will be willing to extend credit to the borrower-client. Other programs, including the intermediary relending program and the rural economic development programs allow sponsors to borrow from the agency in order to make loans to businesses and other organizations for development purposes. The Alternative Agricultural Research and

Commercialization (AARC) program offers assistance for technology development that is subject to repayment once projects become successful. Thus, it allows more latitude than a conventional loan for risk taking.

The budget provides for generally modest increases in the agency's lending programs, over what could be supported by 1996 appropriations. The intermediary relending program (IRP), however, would more than double in size from about \$38 million in 1996 to \$80 million in 1997. This increase returns the IRP to levels approaching those supported by 1995 appropriations.

The B&I loan guarantee program would be increased from \$700 million in 1996 to \$750 million in 1997. Because the program operates at a relatively low rate of loss and there is no interest subsidy, the increase in program authority would require only slightly more than \$600 thousand in additional budget authority. Such a modest cost to the Government would, however, result in a significant number of jobs created and saved.

The budget also provides for a new program of \$50 million in direct loans under the B&I program. This funding would allow the agency to reach small businesses in rural areas where private lender participation to make guaranteed loans is not readily available, as well as other small businesses, such as those with innovative processes, that private lenders have been reluctant to serve.

The agency's grant programs would be maintained at the same level as appropriated for 1996, except for Rural Technology and Cooperative Development grants which are increased by \$1 million.

RURAL PERFORMANCE PARTNERSHIP PROGRAM

The Administration is proposing to manage its current array of rural development programs through one integrated initiative that:

- significantly consolidates programs,
- increases flexibility to ensure that investments more effectively meet local needs,
- reinvents program implementation and increases reliance on performance measures, and
- ensures participation in the development of State strategic plans from State and local officials, the non-profit and private sectors, the State Rural Development Councils, and others involved in the rural development process.

Under the Rural Performance Partnership Program, a national funding allocation formula would distribute funds now allocated among 14 programs or accounts. State Directors, in conjunction with rural development officials at the State level, could shift funds to meet the needs of individual States. Statutory program requirements would be maintained.

The programs and the amounts of funding for these programs that would be included in the Rural Performance Partnership Program are as follows:

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

Rural Performance Partnership Program Sources of Funding (Dollars in Millions)

Program	1997 Program Level	1997 Budget Authority
Business and Industrial Loans:		
Direct	\$50	--
Guarantees	750	\$7
Community Facility Loans:		
Direct	200	15
Guarantees	100	a/
Intermediary Relending Program	80	37
Water and Waste Disposal Loans	800	69
Water and Waste Disposal Grants	590	590
Rural Business Enterprise Grants	45	45
Solid Waste Management Grants	3	3
Fire Protection Grants	2	2
Rural Technology & Coop. Dev. Grants	2	2
Rural Rental Housing Loans	150	62
Rural Rental Assistance Payments	47	47
Total, Loans and Grants	<u>\$2,819</u>	<u>\$879</u>

a/ Less than \$0.5 million

Note: Authority is also included for Local Technical Assistance and Planning Grants.

FOOD AND CONSUMER SERVICE (FCS)

The Food and Consumer Service (FCS) administers America's domestic nutrition programs. The FCS mission is to provide children and needy families access to a more healthful diet through its food assistance programs and comprehensive nutrition education efforts.

FCS fulfills its mission principally via food stamps, the cornerstone of our National commitment to protect the nutrition, health, and well-being of low-income families; the Child Nutrition Programs; and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Food stamps are provided to households to supplement their resources, assuring access to a nutritious, healthful diet for low-income Americans. Over half of food stamp beneficiaries are under age 18.

Increasing public understanding of proper nutrition is also a major Departmental objective promoted through the nutrition assistance programs. A priority continues to be increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children through the Child Nutrition Programs.

The purpose of the WIC Program is to improve the health of nutritionally at risk, low-income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. WIC supplements households' food resources with coupons which recipients may redeem for specified foods providing nutrients known to be lacking in the diets of the WIC population. In addition to these food supplements, WIC provides nutrition education and health care referrals. The Administration is committed to achieving full participation in this program.

The Child Nutrition Programs -- the National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) -- assist State and local governments in providing food services that serve healthful, nutritious meals to children in various settings and adults in day care centers. These programs assist pre-school and school-aged children by subsidizing the provision of nutritious meals. Special subsidies make it possible for low-income children to receive meals free or at a reduced price. In coordination with the Department of Health and Human Services (DHHS), the Nutrition Program for the Elderly (NPE) subsidizes meals served to persons aged 60 or older at low-income elderly centers or in the "meals on wheels" program. The Administration proposes that Federal and State administration be streamlined in fiscal year 1997 by transferring NPE funds to DHHS so their use can be better coordinated with the much larger Administration on Aging congregate and home-delivered meals program that has been administered by the agency for years.

Several commodity distribution programs also assist households. The Commodity Assistance Program (CAP) was created by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (P.L. 104-37), by consolidating funding for the Emergency Food Assistance Program (TEFAP), the Soup Kitchens and Food Banks Program (SK/FB), and the Commodity Supplemental Food

FOOD, NUTRITION, AND CONSUMER SERVICES

Program (CSFP), into a single CAP account. TEFAP provides administrative expense funding and certain commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance; SK/FB provides commodities to soup kitchens and food banks, primarily to benefit the homeless; and, in a number of States, CSFP provides commodities to low-income elderly and women, infants and children not on WIC.

FCS programs are operated in a State/Federal partnership, in which the Federal government is generally responsible for food costs for the programs and shares administrative costs with States. FCS is responsible for interpreting Federal statutes, issuing program regulations and instructions, establishing nationwide standards, and ensuring program integrity. FCS regional offices monitor State agencies to ensure the adequacy of their administration. FCS supports the States' administration of programs by providing \$3.1 billion for State administrative costs. This is about 7 percent of the total cost of the programs. States are responsible for determining the eligibility of needy persons to participate in nutrition assistance programs, as well as the delivery of services. States are also generally responsible for coordinating USDA nutrition programs with other local welfare, health care, and assistance programs.

FCS program integrity efforts include efforts to encourage States to improve their management oversight and administration of the Food Stamp Program in a manner which will reduce error rates. FCS continues to aggressively fight Food Stamp fraud and abuse by coordinating with the OIG to conduct a series of "sweeps" to identify and eliminate ineligible stores from the program. The continued implementation of the Electronic Benefit Transfer (EBT) system will enhance recipients' security and discourage trafficking of benefits. FCS is improving integrity in the CACFP through the Child Care Integrity Initiative and in the Child Nutrition Programs overall through its ongoing efforts to resolve any and all suspension and debarment cases brought to its attention.

Funding requirements for food assistance programs depend on the number of persons who participate, as well as the cost of the food assistance provided. The income eligibility threshold for benefits, such as food stamps and free school meals, limits participation to those with family incomes at or below 130 percent of the Federal poverty guidelines (\$19,695 for a family of four in 1995). The threshold for WIC and reduced-price meals is set at 185 percent of poverty (\$28,028 for a family of four in 1995).

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Consumer Service
Program Level
(Dollars in Millions)

Program	1995 Actual	1996		1997 Budget
		Current Estimate		
Food Stamp Program	\$24,445	\$25,210	\$26,376	<u>a/</u>
Nutrition Assistance for Puerto Rico	1,131	1,143	1,143	
Total, Food Stamp Program	25,576	26,353	27,519	
Child Nutrition Programs	8,205	8,541	9,089	
Special Supp. Nutrition Program (WIC)	3,587	3,830	3,975	<u>b/</u>
Commodity Assistance Program:				
Commodity Supp. Food Program	89	83	92	
Soup Kitchens, Food Banks and Emergency Food Assistance	105	80	96	
Total, CAP	194	163	188	
Food Distribution to Indians	60	65	65	
Nutrition Program for the Elderly	152	150	0	<u>c/</u>
Food Program Administration	106	105	111	
Center for Nutrition Policy and Promotion	0	2	4	
Total, FCS	<u>\$37,880</u>	<u>\$39,209</u>	<u>\$40,951</u>	

a/ In addition \$2.5 billion is requested for a FSP contingency reserve.

b/ In addition, \$100 million is requested for a WIC contingency reserve.

c/ Funds are proposed to be transferred to DHHS.

The Department's 1997 budget funds anticipated current law needs in the Food Stamp and Child Nutrition Programs, and provides a \$145 million increase in program level for WIC, a program scored in the discretionary category. Central to their mission as nutrition programs, the programs provide nutrition education to empower participants with the skills and knowledge to make food choices for a healthy diet. Finally, the budget continues the emphasis on strengthening program integrity in the Food Stamp and Child Nutrition Programs. The details of the nutrition programs follow.

Food Stamps will be funded at the current services level, including all increases mandated by the Mickey Leland Act. Most of the \$1.2 billion in increases results from food cost increases, making benefit increases necessary to keep recipients even with inflation. Additional emphasis, backed with resources, will be placed on implementing Electronic Benefit Transfer (EBT) and on reducing over and underpayment error in the Food Stamp Program. The Department has established the objective of making EBT available

FOOD, NUTRITION, AND CONSUMER SERVICES

nationwide, wherever cost effective. By substituting electronic debit cards for food coupons, recipients receive benefits more conveniently, and in most cases retailer and program administrative costs can be reduced. In addition to simplifying benefit delivery, EBT provides USDA with new and powerful sources of data useful in detecting retailer and recipient trafficking and fraud. In addition to its efforts to expand EBT, FCS is aggressively pursuing other food stamp anti-trafficking initiatives. We have requested \$4.2 million to increase retailer site visits. FCS will also continue its three-tiered legislative initiative to combat Food Stamp trafficking at the retailer level. USDA is also continuing efforts to improve overall payment accuracy in the program. Savings achieved will be directed at reducing program costs and the budget deficit. Nutrition Assistance to Puerto Rico is requested at a level of \$1.143 billion.

Child Nutrition Programs are also funded at the current services level, providing for increases in participation and food costs. In June, 1994 the Department published a proposed rule to make critical improvements in the nutritional quality of school meals and to bring them into compliance with the Dietary Guidelines for Americans. These improved National nutrition standards, consistent National eligibility standards and the guarantee of free meals to low income children are the critical features of the school programs. The Healthy Meals for Healthy Americans Act of 1994 (P.L. 103-448) mandated that school meals comply with the Dietary Guidelines by School Year 1996/1997, and directed the Department to offer schools a choice of menu-planning options, including a food-based menu system.

To assist schools in serving nutritious meals that meet both the requirements of the Act and the critical demands of children for taste, the budget requests \$18 million for the School Meals Initiative for Healthy Children. The Initiative is a comprehensive integrated plan to ensure that children have healthy meals at school. USDA supports schools in implementing the Initiative through Team Nutrition, an integrated network of public-private partnerships. The mission of Team Nutrition is to improve the health and education of children by promoting food choices for a healthful diet through the media, schools, families, and the community. Team Nutrition will support a number of improvements, including training for staff from States and local School Food Authorities to help food service workers improve meals, and nutrition education to give children the skills and motivation to make food choices for a healthy diet.

The budget for WIC fulfills the President's goal to allow WIC to serve all eligible applicants. With the availability of substantial infant formula rebate money, recoveries of unspent State funds from the prior fiscal year as well as State carryover funds, and a funding increase, WIC will be able to serve an estimated 7.5 million eligible women, infants, and children who wish to participate in the program by the end of the fiscal year. To ensure that unexpected food cost increases do not hamper this goal \$100 million in reserve budget authority has been requested to be used only in urgent situations.

Commodity Distribution Programs. The Commodity Assistance Program was authorized by P.L. 104-37, and combined the Commodity Supplemental Food Program (CSFP), the Soup Kitchens and Food Banks Program (SK/FB), and the Emergency Food Assistance

Program (TEFAP) and is funded by one appropriation. Also, the Administration proposes streamlining of the Nutrition Program for the Elderly (NPE) by transferring funds for the USDA portion of the program to the Department of Health and Human Services (DHHS) in fiscal year 1997, where they can be better coordinated with DHHS' NPE program resources, nearly triple the size of USDA's. In light of this, all NPE funds requested will be transferred to DHHS. The Food Distribution Program on Indian Reservations (FDPIR) program level request will continue to support participation at current levels. A portion of the funding is included for a nutrition education initiative in which Indian Tribal organizations hire and train nutrition aides to provide nutrition education for FDPIR participants.

Food Program Administration is funded at \$111 million, the minimum required to maintain stable program operation, pursue program integrity initiatives, and increase the emphasis on improved nutrition in the domestic food assistance programs. To maintain and improve the efficiency of administration for America's food programs, FCS' antiquated software and hardware must be replaced, particularly as the agency reduces staffing through re-engineering and streamlining. Implementation of EBT also requires great emphasis on technical ADP and financial issue identification, development and coordination.

Nutrition Policy, Support, and Promotion. In further support of the Department's healthy meals initiative, and recognizing the proven link between good nutrition and good health (and lower health care costs), the budget recognizes the role of nutrition education for all food assistance programs with a request for \$4.47 million, an increase of \$2 million for nutrition policy, support and promotion, including \$2.47 million for the Center for Nutrition Policy and Promotion. Funds are included to provide nutrition guidance to all Americans so that they will have the information and motivation to choose diets consistent with the *Dietary Guidelines for Americans*. In addition to helping USDA coordinate the policies and regulations of its food assistance programs with other Federal agencies, the Center for Nutrition Policy and Promotion will coordinate and increase the effectiveness of the funds spent within USDA on developing the message of good nutrition and promoting that message.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Indicators

	1994 Actual	1995 Actual	1996 Estimate	1997 Estimate
Average Participation, millions:				
Food Stamps	27.47	26.62	26.14	25.95
Free School Lunch	12.2	12.5	12.8	13.0
School Lunch, total	25.3	25.6	25.9	26.3
Free Breakfast	4.8	5.1	5.5	5.9
Total Breakfast	5.8	6.3	6.9	7.3
WIC	6.5	6.9	7.2	7.4
Commodity Supp. Food Program (CSFP):				
WIC-type	0.20	0.16	0.15	0.14
Elderly	0.16	0.20	0.25	0.25
Food Distribution Program on Indian Reservations (FDPIR)				
Reservations (FDPIR)	0.12	0.12	0.12	0.12
Nutrition Program for the Elderly (NPE), annual meals				
(NPE), annual meals	247.2	229.6	253.6	<u>a/</u>
Unemployment Rate	6.1%	5.6%	5.7%	5.7%
Average/person/month food benefit in \$:				
Food Stamps	\$69.00	\$71.26	\$74.08	\$78.18
WIC	29.91	30.50	30.89	31.91
CSFP: WIC-type	16.14	16.62	16.60	18.13
CSFP: Elderly	13.80	13.96	14.14	15.67
FDPIR	33.51	32.45	32.67	35.08
Per meal subsidies including commodities:				
Free School Lunch	\$1.87	\$1.91	\$1.95	\$2.00
Reduced Price School Lunch	1.47	1.51	1.55	1.60
Paid School Lunch	0.31	0.31	0.32	0.33
Free Breakfast (Severe need)	1.15	1.16	1.19	1.22
Paid Breakfast	0.19	0.19	0.20	0.20
NPE per meal subsidy (cents)	60.57	59.73	59.13	<u>a/</u>

a/ The program is being transferred to the DHHS.

NATURAL RESOURCES AND ENVIRONMENT

MISSION

The mission in the natural resources and environment area is to help people conserve, improve, and sustain natural resources on the Nation's private lands and to achieve quality land management under the sustainable multiple-use concept on our public lands. Two agencies, the Natural Resources Conservation Service and the Forest Service, are primarily responsible for achieving this mission.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program	Program Level (Dollars in Millions)		
	1995 Actual	1996 Current Estimate	1997 Budget
Conservation Operations:			
Technical Assistance	\$500	\$538	\$565
Soil Surveys	72	77	78
Snow Surveys	6	6	6
Plant Materials Centers	8	9	9
Total, Conservation Operations	586	630	658
Watershed Surveys and Planning	24	14	19
Watershed Operations	70	100 ^{b/}	116
Resource Conservation and Dev.	33	29	29
Cost-Share and Easement Programs: a/			
Wetlands Reserve Program	92	77	188
Great Plains Conservation Program	15	0	0
Colorado River Salinity Control	4	3	3
Water Bank Program	1	0	0
Forestry Incentives Program	7	6	6
Total, Cost-Share/Easement Prog	119	86	197
Total, NRCS	\$832	\$859	\$1,019

a/ Other conservation cost-share programs, including the Conservation Reserve Program, are financed and administered by the Farm Service Agency.

b/ Does not include the natural disaster emergency supplemental of \$100 million which would be used to support the installation of emergency measures in watersheds to protect life and property from flooding, erosion, or sedimentation damage.

NATURAL RESOURCES AND ENVIRONMENT

With certain exceptions, such as the Agricultural Conservation Program and the Conservation Reserve Program (CRP), NRCS is now responsible for program and policy direction, financing, management, and delivery of most of the Department's conservation programs. This consolidation was an integral part of the USDA reorganization and will facilitate the Department's efforts to reduce overhead and make its program delivery capabilities more efficient.

The Secretary's streamlining initiative, started in 1994, will collocate USDA's field offices into approximately 2,500 USDA One Stop Field Service Centers. NRCS will move into service centers, where the agency is not already co-located; close the technical centers and carry out its necessary functions through several institutes; and reduce employment at the State level by consolidating many of their administrative duties into six Regional Offices. NRCS closed 30 field offices in fiscal year 1995 and moved 8 other offices. Another 29 field offices are planned to be closed in 1996, with 9 more anticipated closings in 1997. It is estimated that 22 additional field offices will be moved in 1996, and 5 more in 1997.

The NRCS will channel most of its assistance to land users through the Service Centers and the local conservation districts which are units of State government organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district which provides a basis for the Department's working relationship with the district. Most of NRCS' nearly 12,500 employees are located at the district or field office level and this proportion will increase under the Department's streamlining plan as headquarters and State level staff are reduced. The 1999 streamlining target for the agency is approximately 11,500 staff years.

Within the proposed level of 1997 funding for NRCS conservation programs of about \$1 billion, the Department will undertake a major effort to increase acquisition of easements under the Wetlands Reserve Program in support of the Administration's goals for protecting and restoring wetlands. In addition, USDA will continue to place emphasis on improving overall services to farmers and providing them with the needed technical assistance to maintain conservation compliance plans. Funds for Conservation Operations assume funding for high-priority activities, including the Wetlands and Grazing Lands Initiatives and Watershed Planning pilots. Soil surveys are used to determine land capabilities and help farmers and ranchers select suitable soil management practices. A \$20 million increase is requested to accelerate the progress of digitizing soil surveys which help to modernize USDA field office operations and support the development of USDA Service Centers. Ongoing snow survey work, which is useful to agriculture in estimating annual water availability, will continue at current levels in 1997. The 26 plant materials centers are important in testing and encouraging the increased use of promising conservation plants and the budget allows for their continued operation. In the watershed construction area, the Department will continue its efforts to direct funds to only those projects that meet established environmental criteria and where local sponsor support is strong.

Conservation Technical Assistance (CTA). The 1997 budget proposes \$565 million for conservation technical assistance which will provide an adequate level of assistance to producers to help them maintain their conservation compliance plans. Additional CTA funding of \$20 million is requested to support further development of geographic information systems. NRCS will increase targeting of technical assistance to high priority activities including grazing and wetlands initiatives, and to Native Americans.

Watershed Surveys and Planning (WSP). The 1996 Appropriations Act combined the activities of the Watershed Planning program and the River Basin Surveys and Investigations program to form the new WSP program. The 1997 budget proposes a funding level of \$19 million for WSP, an increase of \$5 million over 1996 which will enable NRCS to direct its watershed planning activities to high priority areas.

Watershed and Flood Prevention Operations. The 1997 budget proposes a funding level of \$116 million for this activity, an increase of \$16 million over 1996. With these funds, the Department will continue to make significant changes in its watershed operations program in order to implement a new watershed approach that focuses resources on the most cost effective and environmentally beneficial projects and emphasizes nonstructural management systems. Project implementation funds will continue to be very limited and will be targeted to watersheds where funding provides the greatest benefits rather than to projects with single purpose concerns. NRCS will also continue its effort to reduce the backlog of unfunded work by examining all watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong. The increased funding will also support assistance through the Emergency Watershed Protection Program, including the purchase of wetlands easements where appropriate.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development. NRCS also helps coordinate available Federal, State, and local programs. The 1997 budget contains adequate funding to support area coordinators for all of the 285 approved RC&D areas and proposes to eliminate the relatively small financial assistance component of the program.

Wetlands Reserve Program (WRP). The WRP allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. Participants must also implement a wetlands conservation plan for which they receive financial and technical assistance from the Department. To date, the Department has conducted four sign-ups for a total enrollment of approximately 235,000 acres. The 1996 appropriation of \$77 million will enable NRCS to enroll about 80,000 additional acres into the program. The 1997 budget supports the Administration's wetlands policy calling for continued WRP funding and includes \$188 million, of which \$16 million will be for technical assistance, to enroll approximately 226,000 new acres. This would bring the total acreage that we expect to have enrolled in the program by the end of fiscal year 1997 to just over 539,000 acres. The overall goal for WRP, as mandated by current law, is to reach 975,000 acres by the end of calendar year 2000.

NATURAL RESOURCES AND ENVIRONMENT

Cost-Share Programs. The Department is proposing to maintain NRCS cost-share programs at the 1996 enacted level. For the Colorado River Basin Salinity Control Program, the budget proposes a 1997 program level of \$3 million, the same as the 1996 level. This program provides cost-share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. Limited cost-share and technical assistance funds will continue to be used to support the five ongoing projects located in Colorado, Utah, and Wyoming.

For the Forestry Incentives Program, the 1997 budget proposes to maintain funding at the 1996 appropriated level of \$6 million. This will provide cost-sharing for the highest environmental benefits through tree planting on approximately 75,000 acres and timberstand improvement on nearly 80,000 acres. This would be in addition to the tree planting effort reflected in the \$20 million request for the Forest Service's Stewardship Incentives Program.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Account	1995 Actual	1996 Current Estimate	1997 Budget
Discretionary Accounts:			
Management of the National Forest System:			
National Forest System	\$1,338	\$1,257	\$1,292
Construction	197	164	170
Wildland Fire Management	386	385	385
Land Acquisition Accts	65	42	42
Other Accounts	4	4	4
Total	<u>1,990</u>	<u>1,852</u>	<u>1,893</u>
Forest and Rangeland Research	194	178	180
State and Private Forestry	154	137	164
International Forestry	5	0	0
Total, Discretionary Accounts	<u>2,343</u>	<u>2,167</u>	<u>2,237</u>
Mandatory Accounts:			
Permanent Working Funds	193	264	211
Payments to States	313	296	292
Trust Funds	252	317	303
Total, Mandatory Accounts	<u>758</u>	<u>877</u>	<u>806</u>
Emergency Accounts:			
Pest Suppression	14	17	0
Fire Suppression	350	0	0
Available Fire Supp. Contingency	(100)	(100)	0
Total, Emergency Accounts	<u>364</u>	<u>17</u>	<u>0</u>
Total, FS	<u><u>\$3,465</u></u>	<u><u>\$3,061</u></u> a/	<u><u>\$3,043</u></u>

a/ Does not include the natural disaster emergency supplemental of \$80 million to fund the most urgent needs, including repairs to roads, bridges, trails and recreation areas damaged by storms and other disasters.

NATURAL RESOURCES AND ENVIRONMENT

The Forest Service, with an employment ceiling of over 39,000 staff years in 1996, is the largest employer in USDA. It operates in four major program areas:

- Management of the National Forests and Grasslands. The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed under the multiple use concept for sustained production of timber, forage, fish and wildlife, water, wilderness and outdoor recreation. There are also significant mineral deposits which can help satisfy the Nation's resource requirements. The programs are administered by a field staff stationed at 9 regional offices, 119 forest supervisor offices, and over 600 ranger district offices.
- Forest and Rangeland Research. The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System.
- State and Private Forestry. The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. A cooperative fire protection program provides technical and limited financial support for State wildfire fighting organizations. The Forest Stewardship and Stewardship Incentives Programs provide technical and financial assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.
- Human Resources Programs. The Forest Service operates 18 Job Corps centers and provides employment for economically disadvantaged persons age 55 and older in the Senior Community Service Employment Program, both funded by the Department of Labor.

Streamlining. The 1997 employment ceiling of 39,121 staff years is nearly 4,000 below the 1993 base used for measuring reductions in Federal civilian employment. This is well over half of the total reductions required to get the Forest Service to the 1999 target of 37,520 staff years. This is being accomplished by continuing to right-size the workforce and by participating as a reinvention laboratory in the Administration's efforts to provide more cost-effective services to the public.

NATURAL RESOURCES AND ENVIRONMENT

Northwest Forest Plan. In recent years, public discussion of the national forests has been dominated by litigation over the management of the Western forests within the range of the northern spotted owl. On December 21, 1994 the legal sufficiency of the Northwest Forest Plan was upheld by the Federal District Court in Seattle.

The Northwest Forest Plan identifies and protects key watersheds, old-growth forests, and numerous wildlife species. Logging will be permitted in areas outside the reserves and in a new land classification, Adaptive Management Areas, where resource managers and local communities will be enabled to develop innovative approaches to achieving conservation objectives. When fully implemented, the decadal timber harvest is expected to be about one-fourth of the average timber sale levels of the 1980's. Before timber sales can be offered in most areas, watershed assessments must be completed, and there will be an extensive monitoring program to ensure that the Plan's standards and guidelines are being met, that the desired results are being achieved, and that the Plan's assumptions are sound. In addition to land management, the Northwest Forest Plan provides for technical and economic assistance to communities and individuals who have been dependent on Federal timber supplies. The Forest Service has allocated additional resources to carry out the Northwest Forest Plan as shown in the following table.

Forest Service
Northwest Forest Plan
(Dollars in Millions)

Program	1996		
	1995 Actual	Current Estimate	1997 Budget
Watershed Assessment	\$18	\$21	\$21
Sustainable Timber Sales Program	22	21	22
Adaptive Management Areas	11	8	8
Ecosystem Planning and Monitoring	16	15	20
Research	0	2	5
Ecosystem Restoration and Resource Projects	15	13	16
Rural Assistance	13	16	15
Total	\$95	\$96	\$107

In addition to FS funding, the Northwest Forest Plan is supported by funding from other USDA agencies such as RBS, RUS, RHS; the Departments of the Interior, Commerce, and Labor; and from the Environmental Protection Agency. Total Federal funding for 1997 is \$391 million, a 23 percent increase over the 1996 current estimate.

Firefighting. The Firefighting program funds both presuppression costs such as the pay and training of permanent fire crews and aircraft availability, as well as the cost of actually suppressing fires. The cost of fire suppression has varied dramatically over the last 15 years, and is inherently unpredictable.

In 1994 \$678 million was spent on fire suppression and 34 lives were lost. In response, the Department has produced several reports analyzing the factors involved. These include the large increase in dead wood in forested areas over the last 10 years resulting from the combined effects of drought, insect infestation, and the exclusion of fire from the ecosystem during this century. Firefighting is more expensive because of the wildland/urban interface which has meant that fire must be fought vigorously to protect human life and property rather than making decisions based on natural resource values.

While funding is budgeted for fire suppression, the Department has authority to advance funds from any Forest Service account for fire suppression purposes should the need arise. In addition, there is a \$100 million fund available if the President determines that emergency conditions exist.

Timber Program. In 1995, the volume of national forest timber offered for sale or released under long-term contract was 4.0 Billion Board Feet (BBF). This reflects only about two months of operation under the timber provisions of the 1995 Rescission Act. This wide-ranging legislation has limited public involvement in timber salvage sales; required the offering of a number of non-salvage sales which were withdrawn in prior years due to environmental conflicts; and has permitted harvesting on a number of timber sales which were awarded but later suspended due to possible conflicts with the marbled murrelet. The Department has been involved in extensive litigation over the interpretation of the statute, making it difficult to forecast sales levels through the first quarter of 1997 when most of the timber provisions expire. The current estimate is that 4.2 BFF will be offered for sale in 1997.

Recreation Related Programs. The national forests are the leading Federal provider of total outdoor recreation use. The public uses the national forests for a broad array of outdoor recreational experiences, including such traditional activities as camping, hiking, hunting and fishing, and skiing, as well as newer sports such as mountain biking and snowmobiling. The forests also afford opportunities for such diverse pursuits as bird watching and participating in archaeological excavations. Funding in support of recreation

NATURAL RESOURCES AND ENVIRONMENT

includes the operation and maintenance of outdoor recreation facilities, wildlife and fish habitat work which supports game species as well as the wildlife resource generally, and land acquisition which gives a high priority to ensuring the protection of national recreation areas, designated wilderness, and wild and scenic river corridors.

The Administration will propose additional recreation fee legislation for the Federal land management agencies, including the Forest Service. This would make more types of locations subject to fees and return a portion of the fees to the agency for the recreation program. 1997 would be an implementation year for about 30 test sites, increasing the \$9.5 million in anticipated recreation site receipts by about \$200 thousand.

Forest Service
Recreation Related Programs
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimates	1997 Budget
Recreation and Trails:			
Recreation Operations and Maint.	\$159	\$164	\$164
Wilderness Management	46	33	33
Heritage Resources	15	14	14
Facilities Construction	49	36	45
Trail Construction	33	20	26
Total, Recreation and Trails	302	267	282
Wildlife:			
Wildlife Habitat	30	28	30
Inland Fisheries Habitat	15	15	15
Total, Wildlife Related to Rec.	45	43	45
Land Acquisition	65	42	42
Total	\$412	\$352	\$369

Forest Research. The original 1995 appropriation for Forest Research was \$200 million which was reduced by \$6 million in the 1995 rescission. The 1996 appropriation is expected to be \$178 million. For 1997, the budget proposes \$180 million. In recognition of the reduced funding levels, the Forest Service is reducing staffing by about 300 FTE's through various management actions including a reduction in force. In addition, 7 small research locations will be closing during 1996. Within the diminished funding, the agency will give a high priority to providing the necessary scientific support for management of

the National Forest System as the agency continues to integrate ecosystem management into its land use decisions.

State and Private Forestry. Total funding for State and Private Forestry is proposed at \$164 million for 1997, a 20 percent increase over 1996. Protection of forest resources of all ownerships, including Federal lands, from damage due to pests is funded at \$40 million, a 21 percent increase over 1995. Assistance to State wildfire fighting agencies is funded at \$17 million. In recognition of the increased levels of harvests on private nonindustrial lands, the budget stresses the increased need for conservation plans and reforestation. Cooperative forestry programs aimed at the improvement of private and community forest lands are funded at \$107 million, a 23 percent increase over 1996. Economic action programs for communities dependent on natural resources receive a total of \$28.0 million.

FOOD SAFETY

MISSION

The Food Safety mission area oversees the Food Safety and Inspection Service, which ensures the Nation's meat, poultry, and processed egg product supply is safe, wholesome, and properly labeled.

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Slaughter Inspection	\$314	\$314	\$325
Processing Inspection	131	131	136
Egg Products Inspection	11	11	11
Import-Export Inspection	13	13	13
Subtotal, Meat and Poultry			
Inspection Operations	469	469	485
Pathogen Reduction Program	14	9	19
Field Automation and Information Mgt	--	8	8
Laboratory Services	18	18	20
Grants to States	41	41	42
Existing User Fees and Trust Funds	84	90	93
Subtotal	626	635	667
Supplemental Request	--	10	--
Total, Program Level	626	645	667
Existing User Fees and Trust Funds	-84	-90	-93
New User Fees	--	--	-109
Total, FSIS Appropriations	<u>\$542</u>	<u>\$555</u>	<u>\$465</u>

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into commerce, including review of foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,400 establishments, including 160 import stations. Regional and area offices and FSIS laboratories provide administrative, technical, and analytical assistance to in-plant personnel. Headquarters personnel are

FOOD SAFETY

responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety is incorporated into the inspection program. The agency is fundamentally reinventing its inspection systems and improving regulatory processes under Hazard Analysis and Critical Control Point (HACCP) principles. The agency will continue to streamline administrative functions and field structures. In FY 1995, FSIS closed six field offices and anticipates closing one during FY 1996. A major reorganization of the agency is planned which will lead to consolidation of field administrative functions and further field office closures in fiscal years 1997 and 1998.

For 1996, a supplemental of \$9.5 million has been requested to provide adequate support for ongoing FSIS inspection functions and support a modest effort to bring profound scientific advances into the inspection system. The supplemental would provide increases as follows:

- Inspector Vacancies. \$3.2 million is needed to meet the increasing demand for inspection and provide coverage to all plants requiring inspection. FSIS will rely heavily on "other than permanent" staffing to fill this need at a lower cost to the agency than would be using permanent full-time staffing.
- HACCP Training. \$3.5 million is needed to train the in-plant inspection force in HACCP methods, pilot-test HACCP-based inspection systems, and engage with the States in small plant HACCP demonstration projects.
- Animal Production Food Safety. \$2.8 million is needed to support a farm-to-table strategy for food safety. Funding provided the agency for 1996 was not sufficient to meet statutory obligations for inspection and this critical element of the Department's food safety strategy. The additional funding will be used to conduct studies that attempt to identify sources of pathogen contamination at the producer level that may have lead to food-borne illness. In addition, the agency will work cooperatively with States and producer organizations to develop voluntary programs targeted at reducing the incidence of pathogenic contamination at the production level.

For 1997, the budget proposes a program level of \$667 million, a net increase of \$22 million over the 1996 current estimate after including the 1996 supplemental. The increase reflects funding for pay costs, inflation, and reductions due to streamlining. The budget also includes an increase of \$11 million for programmatic changes. For 1997, the budget proposes \$109 million in new user fees for providing inspection services performed at times other than during an approved primary shift. Major FSIS activities are described below.

Inspection Operations. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory continuous in-plant inspection to egg product processing plants. The inspector checks the acceptability of eggs, the sanitation of plant and equipment, and determines if the egg products have been properly processed. FSIS reviews inspection systems in countries exporting meat, poultry and egg products to the U.S. and inspects imported products at ports-of-entry.

To fully support current inspection activities the 1997 budget proposes the following:

- An increase of \$2.4 million to compensate inspectors for performing more complex science-based food safety activities concurrent with inspection modernization.
- An increase of \$2.1 million to adapt automated and sensory technology to food safety applications.
- An increase of \$1.0 million to adapt food safety technology for use by small businesses.

Pathogen Reduction Program. This activity was initiated in 1993 to develop scientific methods that could be used to reduce the likelihood that harmful pathogens will enter the food supply. The program includes animal production food safety activities, development of rapid analytical methods, education programs for food service and retail employees, and consumer education.

The 1997 budget includes an increase of \$3.5 million in the Pathogen Reduction Program in addition to the \$6 million requested in the 1996 supplemental. To foster further improvements in the control of microbiological contamination of meat and poultry products throughout the farm-to-table continuum as follows:

- An increase of \$3 million to enhance microbiological testing and sampling in slaughter and processing establishments consistent with the implementation of HACCP.
- An increase of \$0.5 million for investigation of outbreaks of foodborne illnesses and to maintain surveillance for foodborne diseases by working with State and local health departments.

Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection

FOOD SAFETY

operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter. The 1997 budget includes an increase of \$1.5 million for laboratory renovation.

Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs. Currently, 26 States participate in the program.

Existing User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law are charged a user fee to recover the full cost of the inspection.

New User Fees. The 1997 budget request proposes legislation to provide FSIS the authority to recover \$109 million in new user fees for the cost of providing inspection services performed at times other than during an approved primary shift. Because taxpayers and the industry are both beneficiaries of the safe food supply ensured by the inspection system, they both should share in the cost of operating the system. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat and poultry production.

MISSION

The USDA Reorganization Act of 1994 established the Research, Education and Economics (REE) mission area which combines four agencies involved in biological and physical sciences and economic and statistical disciplines. The following agencies and missions serve as the basis of agricultural knowledge and education in this country:

- The overall mission of the Agricultural Research Service (ARS) is to develop new knowledge and technology which will insure an abundance of high quality agricultural commodities and products, with minimal impact on the environment, at reasonable prices to meet the increasing needs of an expanding economy and export markets.
- The mission of the Cooperative State Research, Education, and Extension Service (CSREES) is to work with university partners to advance research, extension, and higher education in the food and agricultural sciences and related environmental and human sciences to benefit people, communities, and the Nation.
- The Economic Research Service (ERS) provides economic and other social science information and analysis for public and private sector decisions on agriculture, food, natural resources, and rural America.
- The mission of the National Agricultural Statistics Service (NASS) is to provide meaningful, accurate, and objective statistical information and services. NASS collects and publishes current statistics on the United States food and agricultural commodities providing the basic information necessary to keep agricultural markets stable and efficient. Starting in 1997, the budget proposes that the Census of Agriculture, currently the responsibility of the Department of Commerce, be transferred to NASS.

The 1997 budget is based on programs carried out within the four agencies targeted toward achieving the following five REE priority outcomes: 1) an agricultural production system that is highly competitive in the global economy; 2) a safe and secure food and fiber production system; 3) healthy, well-nourished children, youth and families; 4) greater harmony between agriculture and the environment; and 5) enhanced economic opportunity and quality of life for citizens and communities.

RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Research and Information:			
Soil and Water Conservation	\$81	\$84	\$88
Plant Science	246	241 <u>a/</u>	250
Animal Science	114	112	112
Commodity Conversion and Delivery	141	142	143
Human Nutrition	61	63	63
Integration of Agricultural Systems . .	33	31	33
Information and Library Services . . .	18	19	19
Repair and Maintenance	18	18	18
Contingency Research Fund	1	1	1
Trust Funds	13	14	14
Total, Research and Information . . .	726	726	740
Buildings and Facilities	44	30	80
Total, ARS	\$770	\$756	\$816

a/ Includes \$2.5 million supplemental request for the Binational Agricultural Research and Development (BARD) program.

Basic and applied research is conducted at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, preservation of genetic resources, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities, development of effective biocontrols for pest management and support of USDA regulatory and technical assistance programs. As the lead Federal agency for human nutrition research, ARS operates five major labs for this research and conducts surveys to gather data on actual food intakes. Also within ARS is the National Agricultural Library, the Nation's major information resource in the food, agricultural and natural resources sciences. ARS has 105 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

The 1997 budget includes a \$14 million net increase for Federal research programs. Within the total, the agency will be redirecting funds from a number of lower priority research projects to fund higher priority work.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is the primary focus of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. Federal research programs in ARS will be directed to continue high priority programs in global change, water quality and sustainable farming systems. The budget includes a program increase of \$2 million for restoration of the Everglades Ecosystem. Research activities will include control of aquatic weeds and research on sugar cane cultivars to withstand prolonged flooding and allow for more sustainable agriculture. An increase of \$2 million is proposed for animal manure management techniques which would minimize environmental degradation and nutrient loss, and control noxious odors.

Plant Science. Ongoing ARS research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term improvements in crop production. A \$6.9 million increase is proposed to undertake additional pest management research. ARS will continue to collaborate with the Cooperative State Research, Education, and Extension Service and other public and private entities to demonstrate through pilot tests and the development of decision support systems, the economic and environmental benefits of species-specific pest management technologies. These efforts will support the Administration's goal of implementing IPM practices on 75 percent of crop acres by the year 2000. An increase of \$2.4 million is targeted for work to expand USDA's plant germplasm collections and ensure the continued preservation of animal genetic material critical to agriculture. An increase of \$2.5 million is provided for research in support of the United States-Israel Binational Agricultural Research and Development (BARD) program. This increase will provide the same level of support for BARD in 1997 that will be provided in 1996 with the proposed supplemental of \$2.5 million. Additional increases include \$2 million to develop crops that could be used with advanced technologies to generate electricity from biomass, and \$1 million for research on alternatives to the use of methyl bromide as a preplant soil fumigant. These increases are funded in part through the redirection of funds from lower priority research.

Animal Science. Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of ARS emphasis include disease prevention, genetics and genome mapping, reproduction, nutrition and food quality and safety concerns. Funds are redirected from lower priority projects to support an increase of \$2.5 million to develop new technologies for detection and control of pathogens at the producer level prior to slaughter. This will support the Department's Pathogen Reduction Program to ensure a safe and wholesome meat and poultry supply. Research will examine the genetic makeup of livestock in order to determine which

animals are resistant to pathogens, and develop new approaches to enhance the immunity and reduce the stress level of animals that tend to be most susceptible to pathogens.

Commodity Conversion and Delivery. This research within ARS focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. A high priority research area is the reduction of pathogens in meat and poultry products. An increase of \$5 million is proposed in 1997 to allow scientists to explore post-harvest means to control pathogens. Research is proposed to develop intervention strategies and to upgrade risk-assessment and diagnostic technologies that will be used under the Hazard Analysis and Critical Control Point (HACCP) approach being implemented by the Department's Food Safety and Inspection Service.

Human Nutrition. Five Federal research centers are dedicated to developing a better understanding of nutrition needs of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. Results of this work identify the impact of food components in reducing chronic disease risk and define health outcomes. ARS research activities in this area are closely coordinated with nutrition programs in USDA and the Department of Health and Human Services. The 1997 budget provides for continuation of efforts related to understanding the effects of diet on health of individuals from diverse backgrounds and age groups.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Projects include the development of decision support systems for education and technical assistance programs designed to assist producers in making production decisions and managing natural resources. Within the total, ARS will provide \$3.5 million in 1997 to develop integrated crop and livestock systems for the Midwest and Great Plains, expand research in the Atlantic area to control erosion while maintaining or enhancing crop yields, and enhance cotton production in the Coastal Plains using management practices to improve and control pests.

Information and Library Services. As part of ARS, NAL will continue to provide access to agricultural information through its online database and CD-Roms. NAL is striving toward providing agricultural information electronically and has initiated efforts to catalog, manage, and disseminate agricultural related data through the internet. This will enable USDA employees, researchers, and the general public to gain access to many of the library's resources. Utilization of electronic technologies will provide improved access to agricultural information.

Buildings and Facilities: Innovative research often depends upon the availability of modern facilities. Many of the major facilities available to ARS researchers were constructed prior to 1960, are functionally obsolete and in need of major modernization

to bring them up to current health and safety code requirements. A total of \$80.1 million is proposed in 1997 for facilities at nine priority ARS locations.

- Albany, California (\$4.6 million) - continued modernization of regional research facility.
- Parlier, California (\$22 million) - construction of a replacement laboratory for horticultural research and postharvest agricultural concerns in the West, needed due to urban encroachment.
- Ft. Lauderdale, Florida (\$4 million) - construction of a quarantine facility for the study of biological agents to control the spread of Melaleuca trees in South Florida. This research and facility directly supports the Administration's initiative to restore the South Florida Everglades Ecosystem and is being coordinated with the Administration's Everglades Task Force.
- Ft. Pierce, Florida (\$29.8 million) - construction of a replacement facility for horticultural research in addressing concerns related to citrus production, needed due to urban encroachment.
- Peoria, Illinois (\$1.5 million) - completion of the first phase of construction to support research carried out by the National Center for Agricultural Utilization Research.
- Beltsville, Maryland (\$4.5 million) - continued funding for modernization consistent with the overall facility plan.
- Plum Island, New York (\$5 million) - continued modernization of foreign animal disease facility in conjunction with a \$3.2 million request included in the budget of the Animal and Plant Health Inspection Service.
- Philadelphia, Pennsylvania (\$4.7 million) - completion of phase three of modernization of regional research facility.
- Weslaco, Texas (\$4 million) - modernization of the Subtropical Agricultural Research Laboratory.

RESEARCH, EDUCATION, AND ECONOMICS

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Research and Education	\$432	\$422	\$419
Extension Activities	439	428	423
Subtotal, Programs	871	850	842
Buildings and Facilities	61	46	0
Total, CSREES	<u>\$932</u>	<u>\$896</u>	<u>\$842</u>

Note: 1996 reflects proposed rescission of \$12 million from Buildings and Facilities to offset costs of proposed FSIS and ARS supplemental appropriations.

USDA provides funding for agricultural research, education, and extension conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, and other institutions. Federal funds are distributed to the States by statutory formula, competitive award, and other means. USDA serves as a leader and coordinator of the various planning and oversight processes through which priorities are set and programs administered.

The budget for cooperative research and education activities reflects stable funding for the basic formula programs and increases for selected programs that address broad national problems and/or represent specific components of national initiatives. Other special grants and construction projects are slated for reductions.

Similarly, the budget for cooperative extension programs reflects stable funding for the formula programs and an increase for the pest management program which is part of the Department's Integrated Pest Management initiative.

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service
 Cooperative Research and Education Activities
 Program Level
 (Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Hatch Act	\$171	\$169	\$169
1890 Colleges and Tuskegee Univ. . .	28	28	28
Cooperative Forestry	21	20	20
Animal Health and Disease Formula . .	6	5	5
 National Research Initiative:			
Natural Resources and Environment	16	19	27
Plants	36	37	47
Animals	23	24	29
Nutrition, Food Safety and Health . .	7	7	11
Processes and New Products	7	6	9
Markets, Trade, and Rural Development	4	4	7
 Earmarked Programs:			
Water Quality	5	0	0
Integrated Pest Management	2	0	0
Pesticide Impact Assessment	1	0	0
Total, NRI	101	97	130
 Special Research Grants			
Improved Pest Control	51	48	6
Sustainable Agriculture	10	12	25
Aquaculture Centers	8	8	8
Supplemental and Alternative Crops . .	4	4	4
Critical Agricultural Materials Act and Rangeland Research Grants	1	1	a/
Federal Administration	10	10	2
Higher Education	9	9	10
Payments to 1994 Institutions	0	1	1
Native American Inst. Endow. Fund . .	0	(5)	(5)
1890 Capacity Building Grants	10	9	9
Total, Research and Education	431	422	419
Buildings and Facilities	61	46	0
Total, Cooperative Research and Education Activities	<u>\$492</u>	<u>\$468</u>	<u>\$419</u>

a/ Less than \$0.5 million.

Hatch, 1890 Colleges, Cooperative Forestry and Animal Health Formulas. Formula distributions to the State Agricultural Experiment Stations (SAES), 1890 colleges and other research institutions provide non-earmarked funds to conduct agricultural and forestry research at State and local levels. Evans-Allen formula funds support research activities at the 1890 Colleges and Tuskegee University, the historically Black land-grant schools. On a nationwide basis, Hatch Act formula funds represent about 8 percent of the research funding at SAES while formula funds provide nearly all of the research funding at the 1890 Colleges and Tuskegee University.

National Research Initiative. A significant feature of the 1997 research budget is additional funding for the National Research Initiative (NRI) which supports both fundamental and mission linked research through a competitive, peer-reviewed process that is open to all of the Nation's scientists. A wide range of environmental, health, and nutrition concerns have added additional complexity to production management decisions faced by agricultural producers. At a national level, there is interest in assuring the safety of the food supply, providing systems for sustainable food and fiber production, improving nutritional status, enhancing international competitiveness and providing improved economic opportunities for rural residents. Breakthroughs and new approaches to problem solving in the biological sciences have equipped researchers with powerful new tools to solve the ongoing as well as emerging challenges. An increase of \$33 million is proposed for the NRI to fund merit-reviewed research proposals in the following six categories: Natural Resources and Environment; Plants; Animals; Nutrition, Food Safety and Health; Processes and New Products; and Markets, Trade and Rural Development.

Special Research Grants. These grants fund research on designated problem areas at SAES and other institutions. Research grants targeting local issues or concerns which benefit limited specific business sectors are not included in the budget. Funds are proposed for the following national priority special grant programs:

- Global Change (\$1.6 million) - funding is proposed for the operation of the Ultraviolet-B (UV-B) monitoring network which will generate data necessary for examining the impact of UV-B radiation on agriculture and the environment.
- Water Quality (\$2.8 million) - funding is proposed at the 1996 appropriation level to conduct research at universities and other research institutions to address water quality concerns in accordance with the overall USDA Research Plan for Water Quality.
- A total of \$1.2 million is proposed for the National Biological Impact Assessment Program, Minor Use Animal Drugs Program, and Rural Development Centers.

Improved Pest Control. In 1997, funds are proposed for grants for high priority research to develop improved Integrated Pest Management systems and to conduct other programs in accordance with related to the EPA's pesticide registration guidelines. Proposed funding is for the following activities:

- Integrated Pest Management and Biological Control (\$8.0 million) - This grant provides funding for research proposals to enhance research and technology transfer which would enable pest management practices to be carried out on an area-wide cooperative basis. Integrated Pest Management and biological controls have been proven effective in controlling a number of insects and with further development offer the potential to reduce the reliance on chemical treatments. Increased funding is proposed as part of the Administration's policy to reduce environmental and health risks from pesticide use.
- Pesticide Clearance (\$10.7 million) - increased funding is proposed to assure that data are available to meet EPA's registration guidelines for specific pesticides used for minor crops. This grant will support research necessary to obtain initial EPA registration of safer pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops. Emphasis will also be placed on biocontrol registrations.
- Emerging Pest and Disease Issues (\$4.2 million) - additional funding is proposed for 1997 to respond to the loss of pesticides due to regulatory actions and genetic pest resistance. In accordance with the August 1994 Memorandum of Understanding between USDA and EPA, the Department will identify, with grower input, a list of crop/pest control combinations where current control options are limited. EPA will work with USDA to identify pesticides under review for possible actions that might limit their availability for use in agriculture. Research funding will provide the major support to address the priority needs identified through the USDA/EPA review process.
- Pesticide Impact Assessment (\$1.3 million) - funding supports university scientists serving on assessment teams to determine the economic benefits and consequences of various pest control approaches for use in EPA reregistration activities.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer off-farm inputs. Research will be conducted to develop and improve sustainable management practices for adoption in a wide variety of climate, soil, and crop settings. Research grants are awarded competitively through regional centers.

Higher Education. Increased funding for higher education is proposed to initiate a Hispanic Education Partnerships Grant Program to improve programs in agricultural sciences at Hispanic-serving institutions. Continued funding is also proposed for Native American Institutions. Funds are provided to continue successful ongoing programs which support graduate and undergraduate education and which improve instructional capabilities in the food and agricultural sciences. Funding is held constant for the 1890 Capacity Building Grants Program which supports partnerships between historically Black 1890 institutions and USDA agencies to improve the research and instruction programs at these schools.

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service
 Extension Activities
 Program Level
 (Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Smith-Lever 3(b&c) Formula	\$273	\$268	\$268
1890 Colleges and Tuskegee University			
Formula	25	25	25
Renewable Resources Extension Act	3	3	3
National Interest Programs:			
Water Quality	11	11	11
Children, Youth and Families at Risk	10	10	10
Food Safety	3	3	3
Low Income Nutrition (EFNEP)	61	61	61
Nutrition Education Initiative	4	0	0
Sustainable Agriculture	3	3	3
Pest Management	11	11	15
Pesticide Impact Assessment	3	3	3
Farm Safety	3	3	1
Rural Development Centers	1	1	1
Indian Reservation Extension Agents	2	2	2
Other Programs:			
1890 Facilities	8	8	8
Agricultural Telecommunications	1	1	1
Rural Health and Safety Education	3	3	3
Federal Administration	13	12	6
Total, Extension Activities	\$439	\$428	\$423

Smith-Lever 3(b&c), and 1890 Colleges. These formula programs provide non-designated support for education and technology transfer programs conducted through the partners of the Cooperative Extension System, including the 1890 colleges and Tuskegee University the historically Black land-grant schools. Federal funds provide about one-third of Cooperative Extension funding nationwide.

National Interest Programs. Funds are proposed to continue a number of National high priority programs that support education and technology transfer in educating farmers and local communities in the areas of agricultural production and food consumption. Funds are provided to State cooperative extension services through formula distributions and merit-based selections to support specific projects. Selected programs in this area include:

- EFNEP - provides low-income families with information to increase nutrition knowledge and improve nutritional practices. Funds are distributed to each State on a formula basis in relation to the poverty level of the population within a given State. Funds are used primarily to hire community-based nutrition aides who meet with EFNEP participants on a one-to-one basis or in small groups.
- Sustainable Agriculture - funding is provided to continue sustainable agriculture training and education activities conducted at the regional level. The projects will support the adoption of environmentally benign production systems.
- Pest Management - increased funding is proposed to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques. Projects are conducted at State and local levels and coordinated with research in support of the Administration's goal of extending the use of IPM practices to 75 percent of crop acres by the year 2000.
- Pesticide Impact Assessment - provides data collected at the State level to define and evaluate the economic benefits and risks of selected pesticides having critical agricultural and forestry uses.
- Water Quality - assimilates new technologies into ongoing programs and adapts them to site specific application. The program delivers education programs that contribute to adoption of cost effective, environmentally sound production practices in areas with currently impaired water resources.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Economic Analysis and Research . . .	\$53	\$53	\$55
Trust Funds	<u>a/</u>	<u>a/</u>	<u>a/</u>
Total, ERS	<u>\$53</u>	<u>\$53</u>	<u>\$55</u>

a/ Less than \$0.5 million.

ERS provides economic and other social science information and analysis on agriculture, food, natural resources, and rural America. Through the agency's research and analysis program, ERS produces economic information related to domestic and international agricultural developments; statistical indicators of food and consumer issues and concerns, including nutrition education and food assistance, food safety regulation, determinants of consumer demand for quality and safety, and food marketing trends and developments; agricultural resource and environmental issues; and the effect of public policies and private actions on national rural and agricultural conditions, including the transformation of the rural economy, the financial performance of the farm sector, and the implications of changing farm credit and financial market structures. The information produced by ERS is used both by private entities such as farmers and consumers and by public officials in developing, administering, and evaluating agricultural and rural policies and programs.

The proposed increase for 1997 provides for an expanded data collection effort to support the evaluation and economic analysis of farm financial conditions and the adoption of environmentally sensitive production practices. The information collected will provide geographically specific data allowing ERS to more accurately assess the competitiveness of U.S. agricultural production, the performance of farm businesses, and the profitability of environmentally friendly production practices.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Agricultural Estimates	\$77	\$77	\$81
Statistical Research and Service	4	4	4
Census of Agriculture	<u>a/</u>	<u>a/</u>	18
Trust Funds	<u>b/</u>	<u>b/</u>	<u>b/</u>
 Total, NASS	 <u>\$81</u>	 <u>\$81</u>	 <u>\$103</u>

a/ Funded in the Bureau of the Census Budget.

b/ Less than \$0.5 million.

NASS administers the Department's program of collecting and publishing current national and State agricultural statistics. Statistical data provided by NASS are used in policy, production, and marketing decisions in both the private and public sector. The agency conducts its estimating program through a network of 45 State Statistical Offices, which serve all 50 States. The majority of these offices are operated through cooperative agreements with State Departments of Agriculture or universities and function as joint State-Federal offices. NASS collects, summarizes, analyzes, and publishes agricultural production and marketing data for a wide range of items, including: number of farms and land in farms; acreage, yield, production, and stocks of major crops and selected specialty crops; inventories and production of livestock, poultry, fish, and dairy products; prices received by farmers for products, prices paid for commodities and services, and related indexes; cold storage supplies; agricultural chemical use; and other related areas of the agricultural economy and rural America. NASS annually publishes over 400 national reports that cover more than 120 crop and 45 livestock items.

The Census of Agriculture, proposed for transfer from the Department of Commerce to the Department of Agriculture in 1997, provides comprehensive statistical information on the agricultural sector of the U.S. economy at the National, state, county, and other geographic levels every five years. The Census also provides descriptive data on farm enterprises and data on selected agricultural subjects for the years following the census at the national, state and regional levels, and data on irrigation at the National, state and district levels.

RESEARCH, EDUCATION, AND ECONOMICS

The 1997 budget provides for a net increase of \$21.5 million above the 1996 estimate, which includes:

- \$17.5 million for preparation for the Census of Agriculture which will be conducted in FY 1998. The funds requested will allow key preparation activities to be completed including constructing the census mailing list, finalizing the census report form and printing the forms, questionnaires and envelopes.
- An increase of \$3.1 million to expand the current pesticide survey program. The additional funding will allow NASS to conduct a national Integrated Pest Management (IPM) survey in order to measure producer use of IPM. NASS will also collect data on pesticides and other chemicals applied to commodities after they leave the farm, and expand the collection of pesticide use data to include more crops and states. High quality information on the use of pesticides and pest management practices is essential for measuring progress toward increased adoption of alternative pest management practices and for assessing the economic and environmental benefits derived from reduced pesticide use.

MARKETING AND REGULATORY PROGRAMS

MISSION

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

The Marketing and Regulatory Programs are administered by three agencies: the Agricultural Marketing Service; the Animal and Plant Health Inspection Service; and the Grain Inspection, Packers and Stockyards Administration.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Marketing Services:			
Market News	\$19	\$20	\$20
Shell Egg Surveillance and Standards Development	6	7	7
Market Protection and Promotion	15	15	16
Wholesale Market Development	2	2	2
Transportation Services	3	3	3
Total, Marketing Services	45	47	48
Payments to States	1	1	1
Section 32 Funds:			
Marketing Agreements and Orders	10	11	11
Commodity Purchase Services	6	6	6
Total, Section 32 Funds	16	17	17
Total, Appropriated and Section 32 Funds	62	65	66
Existing User Fees:			
Perishable Agricultural Commodities			
Act Trust Fund	8	9	9
Commodity Grading Services	166	164	164
Total, User Fee Funded Prgms	174	173	173
Total, AMS Program Level	236	238	239
Existing User Fees and Trust Funds	-174	-173	-173
New User Fees	0	0	-11
Section 32 Funds	-16	-17	-6
Total, AMS Appropriations	\$46	\$48	\$49

AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. AMS is

organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program under Federal supervision. A majority of AMS programs are voluntary and funded by the users of the program. In 1995, AMS closed 14 field offices and anticipates closing five during 1996 and four in 1997.

For 1997, the AMS budget proposes a program level of \$239 million of which \$184 million (77 percent) will be funded by user fees and \$55 million (23 percent) by appropriations and section 32 funds. The change from the 1996 current estimate reflects funding for higher pay costs, inflation, and reductions due to streamlining. An increase of \$1 million is requested for pesticide recordkeeping. The 1997 budget also proposes to recover an additional \$11 million through user fees. Specific AMS activities include the following:

Marketing Services. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, surveillance of shell egg handling operations, development of grade standards, protection of producers from unfair marketing practices, random testing of commodities for pesticide residues, development of organic standards, research and technical assistance aimed at improving efficiency of food marketing and distribution, and pesticide recordkeeping.

The 1997 budget includes an increase for the pesticide recordkeeping program. It was authorized by the 1990 FACT Act and requires applicators of restricted use pesticides to maintain pesticide application records. The 1990 FACT Act establishes fines for not maintaining the records. States are given the option to administer the program. AMS is responsible for implementing the program in those States not choosing to do so. An increase of \$1 million is requested to broaden the monitoring programs to ensure compliance with pesticide recordkeeping requirements.

Payments to States. Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. This program is funded at the 1996 level.

Section 32 Funds. Section 32 funds are used to administer marketing agreements and orders at the national level and for public hearings and producer referenda. Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated producers and handlers.

MARKETING AND REGULATORY PROGRAMS

For 1997, legislation will be proposed to convert funding for the Federal administration of marketing agreements and orders from section 32 funds to increased assessments on producers and handlers benefitting from marketing agreements and orders. This proposal is estimated to generate \$11 million in new user fees.

Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government.

Perishable Agricultural Commodities Act Trust Fund. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee assessed against marketers of such products.

Commodity Grading Services. AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI) .	\$131	\$152	\$151
International Programs	10	10	10
Screwworm	31	34	32
All Other.	23	21	23
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surv.	62	62	63
Plant Pest Survey	19	17	19
Animal and Plant Health Regulatory Enforcement	6	6	6
Pest and Disease Management:			
Animal Damage Control Operations	27	27	27
Biocontrol Delivery	4	3	3
Brucellosis Eradication	27	23	20
Medfly Prevention	0	0	10
Plant Pest Management	6	5	6
All Other	29	27	20
Animal Care	10	10	10
Scientific and Technical Services	55	57	59
Contingency Fund	5	5	5
Total, APHIS Salaries and Expenses	445	459	464
Emergency Programs			
Puerto Rico Cattle Tick	13	7	0
Trust Funds	12	0	0
Buildings and Facilities	7	7	7
Total, APHIS Program Level	3	9	3
Trust Funds	480	482	474
AQI User Fees	-7	-7	-7
New User Fees	-106	-127	-125
Emergency Programs	0	0	-8
Puerto Rico Cattle Tick	-13	-7	0
Total, APHIS Appropriations	-12	0	0
\$342	\$341	\$334	

MARKETING AND REGULATORY PROGRAMS

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The major areas of activity are as follows:

- Inspection and quarantine at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for State, local, and private action;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, or natural resources;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS is headquartered in Washington, D.C., and conducts agricultural pest and disease inspection services at all major international airports, shipping ports, and land borders. The agency's field activities are managed through 10 regional offices and 430 field offices. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments. In 1996, APHIS proposes closing 24 field offices and will consider further consolidation opportunities.

The 1997 budget proposes \$464 million for Salaries and Expenses, a \$5 million increase over the 1996 current estimate. This increase reflects additional funding provided for Animal Health Monitoring, and Surveillance, Plant Pest Surveys, Medfly prevention, Plant Pest Management and Scientific and Technical Services. This funding level also reflects reductions for program successes for screwworm, boll weevil, and brucellosis activities. The budget also proposes user fees to recover some of the costs for administering animal welfare, biotechnology and veterinary biologics programs.

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. User fees are charged for inspection of international passengers, aircraft, ships, railcars and trucks. The 1997 budget proposes \$151 million for AQI activities which consists of an increase in AQI appropriated funds and a decrease in AQI user fees due to the one-time purchase of computer equipment in 1996. The increase in AQI appropriated funds will be used to open and staff new border stations on the Mexican and Canadian borders to facilitate cargo inspections and predeparture inspections. The Agency will strive to cover new and expanded facilities, peak periods, extended hours of coverage and increases in the number of passengers.

Screwworm. The Screwworm Eradication Program protects the U.S. livestock industry from reinfestations by eradicating screwworm from Mexico and Central American countries. The program expects to eradicate through Nicaragua and start active eradication programs in Costa Rica and Panama. The eradication program will be at a sensitive stage in its efforts to achieve a pest-free barrier in Panama. The 1997 budget proposes funding of \$31.7 million for these activities.

Animal Health Monitoring and Surveillance (AHMS). This program strives to enhance the safety, quality, and competitiveness of U.S. animals, animal products, and plant agricultural products in the domestic and international markets by taking a proactive rather than a reactive approach. The 1997 budget requests \$62.9 million, as compared to \$62.2 million in 1996. This level of funding would allow the Agency to intensify its monitoring and surveillance for livestock diseases to include brucellosis, tuberculosis, and pseudorabies.

Plant Pest Survey. The 1997 budget requests \$18.8 million, as compared to \$16.9 million in 1996. This program increase provides for early detection of exotic plant pests to prevent sustained infestations and monitors the effectiveness of plant pest management programs. APHIS would also address various environmental issues related to the rangeland grasshopper program, implement a new Environmental Impact Statement (EIS), and use exotic organisms as biocontrol agents.

Animal Damage Control (ADC) Operations. This program mitigates damage caused by wildlife primarily to agricultural and natural resources as well as to human health and safety. The budget proposes funding of \$26.6 million, the same as the 1996 current estimate. APHIS will continue current programs and will rely on States and private entities to assume greater responsibility for activities involving direct control of damage by predators.

Biocontrol Delivery. APHIS provides an integrated pest management approach to control agricultural pests of economic importance, usually in a cooperative effort with Federal and State agencies. This program activity includes surveys of predators, release of natural control agents, and evaluation of the effectiveness of using such agents. The 1997 budget proposes funding of \$3.3 million.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. The 1997 budget proposes \$20 million for brucellosis eradication. The success of the eradication program is significant. Nationwide there are 34 States, plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, in Class "Free" status, and 16 States in Class "A" status. Class "A": States have a brucellosis infection rate of no more than 0.25 percent for the previous year. As of January 1996, there were 58 herds under quarantine compared to 172 herds in 1994. The goal is to eradicate brucellosis by the end of calendar year 1998.

Plant Pest Management. This program conducts control and regulatory activities necessary to eliminate or restrict the economic and environmental damage caused by

MARKETING AND REGULATORY PROGRAMS

plant pests such as gypsy moth and pink bollworm. APHIS would implement a regulatory program, at a sufficient level, to support log inspection, treatment, and certification; industry personnel would be guided and monitored for adherence to compliance agreement requirements; and participation in nursery stock related activities would be enhanced. APHIS proposes \$6.3 million in 1997, \$1.6 million above the 1996 current estimate.

Medfly Prevention. The 1997 budget includes \$10 million for a new proactive medfly prevention program that stresses prevention of devastating outbreaks through the aerial release of sterile flies. This prevention program will commence upon the completion of the current emergency program in 1996 and will be a cooperative cost-sharing effort between Federal, State, and industry stakeholders.

Contingency Fund. The budget proposes funding of \$5 million for the contingency fund for controlling outbreaks of insects, plant diseases, animal diseases and for the control of pest animals and birds to meet emergency conditions. Criteria generally used for assessing emergency conditions include: (1) a pest or disease is new to this country, poses an economic threat to the industry or consumers, and no program exists; (2) a pest or disease problem exists for which APHIS has a current program, but the problem is far beyond usual expectations or far removed from previously identified outbreaks; or (3) a pest or disease was eliminated or reduced, but is now a threat to re-infest or build-up as a result of unusual or unexpected changes in weather or other natural conditions.

Buildings and Facilities. This APHIS appropriation proposes \$3.2 million for 1997. This is in addition to a \$5 million proposal included in the Agricultural Research Service budget. These funds will support continued modernization of the Plum Island Animal Disease Center, Plum Island, New York.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Salaries and Expenses:			
Grain Inspection Activities	\$11	\$11	\$11
Packers and Stockyards Activities ..	12	12	14
Existing User Fees	<u>43</u>	<u>43</u>	<u>43</u>
Total, GIPSA Program Level	<u>66</u>	<u>66</u>	<u>68</u>
Capitalization and Start-up Costs			
Existing User Fees	0	0	4
New User Fees:			
Grain Standardization	0	0	-4
Packers and Stockyards Activities ..	<u>0</u>	<u>0</u>	<u>-14</u>
Total, GIPSA Appropriations	<u>\$23</u>	<u>\$23</u>	<u>\$11</u>

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency also provides assurance for the financial integrity of the livestock, meat, and poultry markets. The agency monitors competition in order to protect producers, consumers, and industry from deceptive and fraudulent practices which affect meat and poultry prices.

GIPSA sets grain quality standards; conducts inspection and weighing services for exported grain; supervises 8 state and 66 designated private agencies for inspection and weighing services at domestic locations; provides supervision and other services from 23 field offices; and handles appeals of inspection services in Kansas City, Missouri. Packers and Stockyards Programs promote fair business practices and a competitive marketing environment for the marketing of livestock, meat, and poultry through 11 field offices. GIPSA accomplishes its functions by employing 754 full-time and 115 part-time or temporary employees throughout the United States. During 1995 GIPSA consolidated seven Grain Inspection offices and one Packers and Stockyards Programs field office to reduce costs and improve service delivery. For 1996 and 1997, GIPSA will continue to evaluate the field office structure to determine if additional offices can be closed or consolidated.

MARKETING AND REGULATORY PROGRAMS

For 1997, the budget proposes a program level for grain inspection of \$68 million with \$11 million being devoted to grain inspection activities for standardization, compliance, and methods development. The methods development activities include new and improved tests and procedures for determining grain quality, the economic analysis of consequences from changing such procedures, and also determining the criteria and recommending specifications for grain inspection instrumentation. The 1997 budget proposes legislation to authorize the collection of \$4 million in new user fees to cover costs of grain standardization activities.

The 1997 budget proposes \$14 million for Packers and Stockyards Programs, which includes the following changes:

- an increase of \$0.2 million for the development of technology to accept electronic filing of industry annual and specific reports.
- an increase \$0.5 million for monitoring and analyzing packer market competition.
- an increase of \$0.6 million for industry structure and performance surveillance for monitoring competitive implications of structural changes and behavioral practices in the meat packing industry.

The 1997 budget proposes legislation to authorize a dealer trust similar to that of the packer trust. The program cost of \$0.2 million would be recovered through license fees. The proposed dealer trust would require livestock inventories and accounts receivable due from the sale of livestock to be held in trust for unpaid cash sellers when a dealer fails to pay for livestock. Dealer financial failures represent a significant amount of unrecovered losses in the livestock marketing chain. This measure is included in the Farm Bill under consideration by Congress.

The 1997 budget also proposes legislation to authorize the collection of license fees to administer the Packers and Stockyards Act (the Act). License fees would be applied to those subject to the Act (i.e., packers, livestock dealers, and meat buyers) to protect them from unfair and fraudulent marketing practices. The budget includes \$4 million for capitalization and start-up costs.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES

The Departmental offices provide leadership, coordination and support for all administrative and policy functions of the Department. These offices assist program agencies throughout the Department in their efforts to provide efficient and effective service to all USDA customers.

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Departmental Offices:			
Office of the Secretary	\$9	\$19	\$19
Departmental Administration			
Staff Offices	26	28	29
Office of the Chief Financial Officer	4	4	4
Office of the General Counsel	26	28	29
Office of the Inspector General	63	64	65
Office of Communications	9	8	8
Executive Operations:			
Chief Economist	4	4	4
National Appeals Division	12	12	13
Office of Budget and Program Analysis	6	6	6
Office of Small and Disadvantaged Business Utilization	1	1	1
Total, Executive Operations ..	<u>23</u>	<u>23</u>	<u>24</u>
Total, Departmental Offices	<u>\$160</u>	<u>\$174</u>	<u>\$178</u>

The 1997 budget for the Departmental Offices reflects an increase for part of the 1997 pay increase and a reduction for administrative expenses.

A description of the mission of each Departmental office is discussed below.

Office of the Secretary (OSEC). This account funds the offices of the Secretary and Deputy Secretary and the Under/Assistant Secretaries as they direct and coordinate the work of the Department. These offices provide policy direction for all areas of the Department and maintain a liaison with the Executive Office of the President and members of Congress on matters pertaining to USDA programs. In addition, this account

DEPARTMENTAL ACTIVITIES

includes \$7.5 million for the USDA Service Center implementation (SCI) effort. The SCI effort is a partnership among the Farm Service Agency, the Rural Economic and Community Development area, the Natural Resources Conservation Service and the customer to provide improved service at less cost and achieve maximum efficiency at one location. This includes the consolidation of field offices as well as the activities that were formally supported under the InfoShare program. Through this effort, the Department will improve information resources management, data sharing and communications among the partner agencies to provide better, more efficient service to customers at the USDA Service Centers.

The partner agencies will provide most of the funds needed to implement this initiative. The funds provided in OSEC will support Department level oversight and coordination of the partnership activities, business process reengineering efforts that impact multiple partner agencies, training to help Service Center staff respond to the changing environment, ongoing efforts to establish partner agency data management policy and standards, and the development of a USDA telecommunications architecture.

Departmental Administration (DA) Staff Offices. This account funds activities that provide staff support to top policy officials and overall direction and coordination to the work of the Department. These activities include Departmentwide programs for management of human resources, occupational safety and health, real and personal property, procurement, contracting, supplies, information resources, civil rights and equal opportunity, emergency preparedness, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

Departmental Administration also is responsible for representing USDA in the development of governmentwide policies and initiatives; analyzing the impact of governmentwide trends and developing appropriate USDA principles, policies, and standards; engaging in strategic planning; and evaluating programs to ensure USDA-wide compliance with applicable laws, rules, and regulations pertaining to administrative matters for the Secretary and general officers of the Department.

In fiscal year 1996, Departmental Administration reorganized to significantly alter its alignment of functions and activities. The previous organizational structure divided the Departmental Administration function into specific program offices, such as personnel, operations, and civil rights enforcement. The current organizational structure divides the functions into policy, program operations, and direct administrative support for Departmental offices. The new organizational structure is intended to be more focused and responsive to customer needs.

Office of the Chief Financial Officer (OCFO). This office is responsible for direction and oversight of the development of financial management structures and systems in USDA. OCFO provides leadership for all financial management, accounting, travel, Federal assistance, and performance measurement activities within the Department. It is also responsible for the management and operation of the National Finance Center and the

DEPARTMENTAL ACTIVITIES

Department's Working Capital Fund, and provides budget, accounting, and fiscal services to Departmental Administration and secretarial offices. OCFO also coordinates Departmental implementation of the Government Performance and Results Act of 1993.

Office of the General Counsel (OGC). OGC serves as the legal advisor and counsel for the Secretary and program agencies of the Department. The Office provides legal services for the Department, which include but are not limited to: providing legal advice, representing the Department in administrative proceedings, and assisting the Department of Justice in cases involving USDA. The 1997 proposal includes an increase of \$0.8 million to hire additional paralegals, support staff, and attorneys to handle the increasing legal issues confronting the Department.

Office of the Inspector General (OIG). OIG conducts and supervises audits and investigations relating to programs and operations of the Department, reviews and makes recommendations on existing and proposed legislation and regulations, and recommends policies and activities to promote economy and efficiency and to prevent and detect fraud and mismanagement in the operations of the Department. The agency also keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of the Department's programs.

Office of Communications (OC). OC provides leadership, expertise, counsel, and coordination on matters related to communication strategies, which are vital to the overall formulation, awareness, and acceptance of USDA programs and policies. OC also serves as the liaison between the Department and the many associations and organizations representing America's food, fiber, and environmental interests.

Executive Operations. Executive Operations was established as a result of the reorganization to provide a support team for the Office of the Secretary/Deputy Secretary. This team includes the Chief Economist, the National Appeals Division, the Office of Budget and Program Analysis and the Office of Small and Disadvantaged Business Utilization.

- Chief Economist. The Chief Economist advises the Secretary on policies and programs related to U.S. agriculture and rural areas, provides objective analysis on the impacts of policy options on the agricultural and rural economy, and participates in planning and developing programs to improve the Department's forecasts, projections, and policy analysis capabilities. Activities under the Chief Economist include the World Agricultural Outlook Board (WAOB) and the Office of Risk Assessment and Cost-Benefit Analysis (ORACBA). The WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture projections, and coordinates the clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department. ORACBA coordinates and reviews all risk assessments and cost-benefit analyses prepared in the Department in support of major regulations whose primary purpose is to regulate issues of human health, human safety, or the environment, and publishes these

DEPARTMENTAL ACTIVITIES

assessments and analyses for the public. The 1997 budget includes an increase of \$0.3 million for full funding of ORACBA--to develop the risk assessment capabilities of the Department and provide scientific and technical services supporting regulatory peer review. An increase is also included to fund a Geographic Information System - Weather Information Processing System for WAOB.

- National Appeals Division (NAD). NAD is responsible for making final determinations on all administrative appeals of program decisions rendered by the Farm Service Agency (FSA), the Rural Housing Service (RHS), the Rural Business-Cooperative Service, the Rural Utilities Service, and the Natural Resources Conservation Service (NRCS). NAD is independent from these agencies to ensure the fair treatment of all USDA clientele. The consolidation of the appeals staff within one organization provides a streamlined and coordinated process for USDA program appeals. An increase of \$1.4 million is requested for the NAD consolidation initiative. In order for NAD to work more efficiently, a communications network needs to be established and maintained. The appeals tracking system must be expanded to include the status of all NAD appeals, instead of the current limited system. Employee development is needed to ensure efficient, quality service to the appellants. Training of all hearing officers in the varied programs which are administered by involved agencies is also needed to ensure that hearing officers are aware of all program elements involved in an appeal.
- Office of Budget and Program Analysis (OBPA). OBPA provides direction and administration of the Department's budgetary functions; reviews program and legislative proposals for program and budget related implications; analyzes program resource issues and alternatives; and provides Departmentwide coordination for and participation in the presentation of budget related matters to the committees of the Congress, the news media and the public. OBPA also provides Departmentwide coordination of the preparation and processing of the legislative program, legislative reports and regulations.
- Office of Small and Disadvantaged Business Utilization (OSDBU). OSDBU oversees agency procurements to assure maximum participation of small and disadvantaged business in the Department's contracts for goods and services; and directs and monitors USDA agencies' compliance in promoting full and open competition in the Department's contracting process.

DEPARTMENTAL ACTIVITIES

CENTRALIZED ACTIVITIES

The Department has a number of centralized activities which have separate appropriations. These centrally managed operations provide efficient, economical services through economies of scale and management attention for the benefit of all participating agencies. The following activities are managed by the Departmental staff offices or coordinated at the Departmental level.

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Centrally Financed Activities:			
Advisory Committees	\$1	\$1	\$1
Agriculture Buildings and Facilities ..	135	136	150
Hazardous Waste Management	16	16 a/	16 a/
Trust Funds	1	2	2
Total, Centralized Activities	<u>\$153</u>	<u>\$155</u>	<u>\$169</u>

a/ In addition, approximately \$30 million in agency funds will be used for this activity.

Agriculture Buildings and Facilities. The Department's Strategic Space Plan for buildings and facilities is based on projected reductions in staff at Washington headquarters over the next five years. In 1997, the Department is requesting \$150 million for its facilities programs. The major component is \$104 million for rental payments to the General Services Administration (GSA). This will fully fund GSA for rental charges for all buildings excluding the Department's headquarters complex. Beginning in 1995, USDA assumed enhanced management responsibilities for its Washington, D.C. complex. This is in keeping with the National Performance Review recommendation that GSA "empower" Federal agencies to "choose among competing real estate management enterprises."

A modernization plan has been developed to provide safe, dependable, cost-effective facilities that will provide space for USDA Washington area staff into the next century. The 1997 request continues the implementation of this plan at the 1996 level of \$26 million. These funds will be used to begin the renovation of the South Building, which is over 60 years old and in need of modernization to correct health and safety hazards and provide modern facilities.

Hazardous Waste Management. The budget proposes \$16 million to continue funding for Hazardous Waste Management at the 1996 level. Resources from the central

DEPARTMENTAL ACTIVITIES

account are allotted to agencies according to priority needs. USDA agencies are responsible for hazardous waste clean-up activities and agency funds, as well as funds from this appropriation, are used to cover the costs associated with these activities. The Department's hazardous waste management program works to identify, assess, contain and clean up hazardous waste sites in areas covered by programs of the Department or within Departmental jurisdiction. The program is designed to promote facility compliance under the requirements of the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act. These Acts require Federal agencies to meet the same standards for storage and disposition of hazardous waste as private businesses.

Integrated Pest Management and Related Programs

The USDA Strategic Plan for Integrated Pest Management (IPM) calls for the adoption of IPM practices on 75 percent of U.S. crop acreage by the year 2000. The IPM plan is an effort to coordinate the USDA research and extension programs with regional or State cooperators and producers who will implement IPM production practices. The Plan features close collaboration with producers, the Environmental Protection Agency (EPA), and among USDA agencies. Priorities are established through a local/regional planning process with input from producers. This strategic effort is supported by a USDA-EPA Memorandum of Understanding (MOU) for critical pest control technologies. Key components of the initiative follow:

Agricultural Research Service. Consistent with priorities established through the local/regional process outlined in the plan, ARS will establish areawide pest management approaches in cooperation with other agencies and private entities. An increase of \$2 million for areawide pest management pilot studies would support projects such as codling moth on tree fruits, corn rootworm, pink bollworm on cotton, tobacco budmoth on cotton, and potato insects.

Cooperative State Research, Education, and Extension Service. CSREES is responsible for organizing implementation teams that involve growers, researchers, and practitioners in identifying their most important problems and setting priorities for research and education programs that will meet their field implementation needs. The process of establishing these teams was begun in 1995. Resources requested in 1997 will support the research and extension activities of 16 teams.

CSREES will provide \$8 million to fund an IPM Research Grants Program through a regional system of competitive awards to develop improved pest management systems and biological controls. Projects will be funded in collaboration with the \$15 million Extension component and will be directed to priorities identified through the local/regional process. CSREES also proposes an increase of \$2 million for the Emerging Pest and Disease Issues Program competitive research grants to develop alternative pest controls for crop-pest combinations where only one or a limited number of options are available. As appropriate, funds will be targeted to cases where pesticides are under EPA review for possible actions to limit their availability. This program directly addresses the MOU committing USDA and EPA to working proactively where regulatory action by EPA would reduce farmer competitiveness; limit producers' ability to adopt practices such as IPM; and ensure consumers a safe, abundant, high quality supply of food and other agricultural products. The development of an IPM Decision Support System, currently underway, will continue.

In addition, CSREES conducts important programs to assist the registration of minor crop pesticides (IR-4) and to compile information on the agricultural-related impacts of pesticide losses through the EPA registration process (NAPIAP).

APPENDIX

Economic Research Service. ERS will support the IPM initiative through project and overall program evaluation and analysis of NASS survey data on pesticide use and IPM implementation.

National Agricultural Statistics Service. The National Agricultural Statistics Service will increase funding by \$3 million to collect and analyze data on participation of farmers in IPM program and to expand pesticide use data collection sufficiently to account for total agricultural pesticide use on a national basis. These data will be used to measure progress in IPM adoption and to provide total agricultural pesticide use on a national basis. The **Agricultural Marketing Service** will strengthen the program conducted with EPA to assist producers and applicators in meeting their recordkeeping responsibilities.

Finally, there are several programs conducted to facilitate the movement of high priority pest controls through the EPA pesticide registration process. USDA agencies provide critical assistance in assuring the availability of adequate **pest controls for minor uses**, which include most fruits and vegetables, through the IR-4 pesticide clearance program by funding necessary field trials and laboratory analysis. The proposed increase of \$5 million will help eliminate a backlog of data needed for new registrations to replace materials that are no longer effective or where registrations have been canceled through regulatory actions.

The Department also assists the registration process through the **National Agricultural Pesticide Impact Assessment Program** (NAPIAP), a program of information gathering and analysis on the current uses of agricultural pest control materials and the economic consequences of alternative materials and/or management practices.

APPENDIX

Integrated Pest Management and Related Programs

Program	Program Level (Dollars in Millions)		
	1995 Actual	1996 Current Estimate	1997 Budget
IPM Initiative - Research and Extension to address producer-identified needs			
ARS Areawide IPM Research	\$4	\$4	\$6
CSREES:RE IPM Research Grants Prog.	3	3	8
CSREES:RE Emerging Pest and Disease Issues	0	2	4
CSREES:Extension IPM Education	11	11	15
ERS IPM Research	1	1	1
Total, Initiative	19	21	34
Other Research and Application Programs - IPM and Biocontrol			
ARS Research	60	62	65
CSREES:RE NRI, Formulas, other	43	37	37
ERS Research	a/	a/	a/
FS-IPM Research	11	9	9
Total, Ongoing Research	114	108	111
APHIS Application	15	14	13
FSA-ACP IPM Application	6	7	8
FS-IPM Application	18	20	6
Total, Application	39	41	27
Pesticide Use Data Collection and Analysis			
AMS-Pesticide recordkeeping	2	2	3
ERS Pesticide use analysis	1	2	2
NASS Pesticide use surveys	4	4	7
Total, Data Collection and Analysis	7	8	12
Pesticide Registration, Clearance, Assessment, Training			
ARS-Minor use clearance (IR-4)	2	2	2
CSREES:RE Minor use clearance (IR-4)	6	6	11
ARS/CSREES/ERS/FS NAPIAP	7	6	6
Total, Pesticide Registration	15	14	19
Total, IPM and Related Programs	\$194	\$192	\$203

a/ Less than \$0.5 million.

Programs to Support 1890 Institutions

The Federal Government has had a long standing policy of making extra efforts to support Historically Black Colleges and Universities (HBCUs). President Clinton issued E.O. 12876 in November 1993 calling on departments and agencies to reach out to HBCUs and the Department of Agriculture continues to give high priority to programs and activities carried out at the 1890 Institutions and Tuskegee University, the 17 Historically Black land grant institutions in the Southern States and to other HBCUs. Formula grants for research and extension represent a significant part of the USDA support for these institutions.

The 1890 Capacity Building Grants program, which is funded at the 1996 level, is the cornerstone of the Department's successful partnership with the 1890 Land-Grant universities. In the six years from 1990 through 1995, over \$53 million has been awarded for 261 research and teaching projects, each of which features an active, cooperative relationship with one or more USDA agencies.

The 1997 budget also includes a proposal to continue the program of construction grants for research, extension and teaching facilities.

USDA agencies have given high priority to establishing mutually beneficial partnerships with 1890 institutions to conduct a wide range of programs and activities. These partnerships provide the basis for centers of excellence which are on-campus entities dedicated, in part, to addressing specific USDA agency program needs. Eight such centers have been established with funds available through 1996. Nearly \$5 million was provided in 1995 in support of these centers.

Two new centers are proposed for 1997: the Agricultural Research Service plans to conduct food safety aquaculture research at a center at Delaware State University. The Forest Service and the Natural Resources Conservation Service plan to support water quality activities through a center at Florida A&M.

APPENDIX

Programs to Support 1890 Institutions

Program Level
(Dollars in Millions)

Program	1995 Actual	1996 Current Estimate	1997 Budget
Cooperative State Research, Education and Extension Service			
Evans-Allen formula	\$28	\$28	\$28
Extension formula	25	25	25
Research and teaching			
capacity building grants	9	9	9
Facility grants	8	8	8
Other cooperative research and extension	6	4	3
Total	<u>76</u>	<u>74</u>	<u>73</u>
Agricultural Research Service			
Forest Service	2	2	2
Natural Resources Conservation Service	4	3	3
Other Agencies	2	4	4
Total	<u>13</u>	<u>10</u>	<u>9</u>
Total	<u>\$97</u>	<u>\$93</u>	<u>\$91</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Budget Authority
(Dollars in Millions)

Agency	1995 Actual	1996 Current Estimate	1997 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$4,932	\$3,313	\$3,403
Commodity Credit Corporation Programs	2,707	2,730	4,342
Foreign Agricultural Service	114	120	137
P.L. 480	915	633	583
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service	618	-918	-427
Rural Housing Service	2,110	1,720	1,303
Rural Business-Cooperative Service	92	107	126
Performance Partnership Program			(879)
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Consumer Service	40,212	39,747	42,910
Section 32 Funds	476	593	437
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	802	859	1,019
Forest Service	3,613	3,083	3,057
FOOD SAFETY			
Food Safety and Inspection Service	534	558	468
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	776	755	821
Cooperative State Research, Education, and Extension Service	932	901	847
Economic Research Service	54	53	55
National Agricultural Statistics Service	81	81	103
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	172	162	163
Animal and Plant Health Inspection Service	466	475	466
Grain Inspection, Packers & Stockyards Administration	23	23	11
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	9	16	17
Executive Operations	9	23	24
Chief Financial Officer	1	4	4
Departmental Administration	30	28	29
Hazardous Waste Management	16	16	16
Agriculture Buildings and Facilities	135	136	150
Advisory Committees	1	1	1
Office of Communications	9	8	8
Office of the Inspector General	63	64	65
Office of the General Counsel	26	28	29
Gifts and Bequests	1	2	2
Subtotal	<u>59,929</u>	<u>55,321</u>	<u>60,169</u>
Offsetting Receipts	<u>-1,358</u>	<u>-1,257</u>	<u>-1,173</u>
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	<u>\$58,571</u>	<u>\$54,064</u>	<u>\$58,996</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Outlays (Dollars in Millions)

Agency	1995 Actual	1996 Current Estimate	1997 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$3,093	\$4,020	\$3,604
Commodity Credit Corporation Programs	6,030	3,199	3,633
Foreign Agricultural Service	135	123	132
P.L. 480	963	766	622
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service	122	-555	-362
Rural Housing Service	2,124	1,652	1,285
Rural Business-Cooperative Service	66	131	124
Performance Partnership Program			(664)
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Consumer Service	36,968	38,756	40,267
Section 32 Funds	496	474	427
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	971	1,075	1,072
Forest Service	3,765	3,151	3,036
FOOD SAFETY			
Food Safety and Inspection Service	525	556	465
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	758	770	792
Cooperative State Research, Education, and Extension Service	910	922	886
Economic Research Service	52	53	55
National Agricultural Statistics Service	84	81	100
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	175	166	162
Animal and Plant Health Inspection Service	495	421	462
Grain Inspection, Packers & Stockyards Administration	23	22	11
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	8	14	17
Executive Operations	8	23	24
Chief Financial Officer	0	4	4
Departmental Administration	28	26	29
Hazardous Waste Management	16	16	16
Agriculture Buildings and Facilities	128	128	148
Advisory Committees	1	1	1
Office of Communications	9	8	8
Office of the Inspector General	62	64	65
Office of the General Counsel	26	28	28
Gifts and Bequests	0	2	2
Working Capital Fund	-18	0	0
Subtotal	58,023	56,097	57,115
Offsetting Receipts	-1,358	-1,257	-1,173
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$56,665	\$54,840	\$55,942

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Program - Budget Authority
(Dollars in Millions)

Agency	1996 Estimate	1997 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES		
Farm Service Agency:		
Agricultural Credit Insurance Fund	\$399	\$361
Grants	3	6
Conservation Programs	75	75
Salaries and Expenses (incl. FCIC A&O)	795	895
Commodity Credit Corporation	3	4
Total, FSA	<u>1,275</u>	<u>1,341</u>
Foreign Agricultural Service	116	133
P.L. 480 Programs	<u>1,134</u>	<u>1,072</u>
Total, FAS	<u>1,250</u>	<u>1,205</u>
Total, FFAS	<u>2,525</u>	<u>2,546</u>
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT		
Rural Utilities Service:		
Grants and Payments	409	614
Proposed Legislation	0	2
Program Accounts	270	149
Salaries and Expenses	18	34
Total, RUS	<u>697</u>	<u>799</u>
Rural Housing Service:		
Grants and Payments	602	615
Program Accounts	686	613
Salaries and Expenses	47	90
Total, RHS	<u>1,335</u>	<u>1,318</u>
Rural Business-Cooperative Service:		
Grants and Payments	47	48
Program Accounts	49	48
Alternative Ag Research & Commercialization	6	7
Salaries and Expenses	9	27
Total, RBS	<u>111</u>	<u>130</u>
Rural Performance Partnership Program		(879)
Total RECD	<u>2,143</u>	<u>2,247</u>
FOOD, NUTRITION, AND CONSUMER SERVICES		
Food and Consumer Service:		
WIC	3,694	3,880
Commodity Assistance Program	166	172
Food Donations Program, Selected Groups	215	65
Other	0	4
Food Program Administration	107	111
Total, FCS	<u>4,182</u>	<u>4,232</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Program - Budget Authority
(Dollars in Millions)

Agency	1996 Estimate	1997 Budget
NATURAL RESOURCES AND ENVIRONMENT		
Natural Resources Conservation Service	782	831
Forest Service	2,240	2,285
Total, NRE	<u>3,022</u>	<u>3,116</u>
FOOD SAFETY		
Food Safety and Inspection Service	555	465
RESEARCH, EDUCATION, AND ECONOMICS		
Agricultural Research Service	741	806
Cooperative State Research, Education, and Extension Service	901	847
Economic Research Service	53	55
National Agricultural Statistics Service	81	103
Total, REE	<u>1,776</u>	<u>1,811</u>
MARKETING AND REGULATORY PROGRAMS		
Agricultural Marketing Service	48	49
Animal and Plant Health Inspection Service	468	459
Grain Inspection, Packers & Stockyards Administration	23	11
Total, MRP	<u>539</u>	<u>519</u>
DEPARTMENTAL ACTIVITIES		
Office of the Secretary	16	17
Office of the Chief Economist	4	4
National Appeals Division	12	13
Office of Budget and Program Analysis	6	6
Office of Small and Disadvantaged Business Utilization	1	1
Departmental Administration	28	29
Chief Financial Officer	4	4
Office of Communications	8	8
Office of the Inspector General	64	65
Office of the General Counsel	28	29
Agriculture Buildings and Facilities	136	150
Hazardous Waste Management	16	16
Advisory Committees	1	1
Receipts	-4	-4
TOTAL, U.S. DEPARTMENT OF AGRICULTURE ..	<u>\$15,063</u>	<u>\$15,275</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Program - Outlays
(Dollars in Millions)

Agency	1996 Estimate	1997 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES		
Farm Service Agency:		
Agricultural Credit Insurance Fund	\$391	\$360
Grants	5	3
Conservation Programs	169	108
Salaries and Expenses (incl. FCIC A&O)	827	864
Commodity Credit Corporation	3	4
Total, FSA	<u>1,395</u>	<u>1,339</u>
Foreign Agricultural Service	120	129
P.L. 480 Programs	<u>1,238</u>	<u>1,110</u>
Total	<u>1,358</u>	<u>1,239</u>
Total, FFAS	<u>2,753</u>	<u>2,578</u>
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT		
Rural Utilities Service:		
Grants and Payments	499	401
Proposed Legislation	0	1
Program Accounts	261	241
Salaries and Expenses	16	31
Total, RUS	<u>776</u>	<u>733</u>
Rural Housing Service:		
Grants and Payments	577	612
Program Accounts	755	653
Salaries and Expenses	<u>22</u>	<u>65</u>
Total, RHS	<u>1,354</u>	<u>1,330</u>
Rural Business-Cooperative Service:		
Grants and Payments	42	45
Program Accounts	61	45
Alternative Ag Research & Commercialization	9	7
Salaries and Expenses	19	29
Total, RBS	<u>131</u>	<u>126</u>
Rural Performance Partnership Program		(664)
Total, RECD	<u>2,261</u>	<u>2,189</u>
FOOD, NUTRITION, AND CONSUMER SERVICES		
Food and Consumer Service:		
WIC	3,687	3,826
Commodity Assistance Program	166	185
Food Donations Program, Selected Groups	217	92
Other	0	4
Food Program Administration	107	111
Total, FCS	<u>4,177</u>	<u>4,218</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Discretionary Program - Outlays
(Dollars in Millions)

Agency	1996 Estimate	1997 Budget
NATURAL RESOURCES AND ENVIRONMENT		
Natural Resources Conservation Service	982	898
Forest Service	<u>2,266</u>	<u>2,216</u>
Total, NRE	3,248	3,114
FOOD SAFETY		
Food Safety and Inspection Service	553	462
RESEARCH, EDUCATION, AND ECONOMICS		
Agricultural Research Service	757	779
Cooperative State Research, Education, and Extension Service	922	886
Economic Research Service	53	55
National Agricultural Statistics Service	81	100
Total, REE	<u>1,813</u>	<u>1,820</u>
MARKETING AND REGULATORY PROGRAMS		
Agricultural Marketing Service	55	48
Animal and Plant Health Inspection Service	414	455
Grain Inspection, Packers & Stockyards Administration	22	11
Total	<u>491</u>	<u>514</u>
DEPARTMENTAL ACTIVITIES		
Office of the Secretary	14	17
Office of the Chief Economist	4	4
National Appeals Division	12	13
Office of Budget and Program Analysis	6	6
Office of Small and Disadvantaged Business Utilization	1	1
Departmental Administration	26	29
Chief Financial Officer	4	4
Office of Communications	8	8
Office of the Inspector General	64	65
Office of the General Counsel	28	28
Agriculture Buildings and Facilities	128	148
Hazardous Waste Management	16	16
Advisory Committees	1	1
Receipts	-4	-4
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	<u>\$15,604</u>	<u>\$15,231</u>

United States Department of Agriculture
Staff Years

APPENDIX

	<u>1993 Ceiling</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>Change 1993 - 1999 Amount</u>	<u>Percent</u>
Farm Service Agency (Non-Federal County)	8,367 (14,953)	7,838 (14,176)	7,163 (13,432)	7,281 (13,224)	6,767 (12,461)	6,767 (12,461)	6,767 (12,461)	-1,600 -2,492	-19.1% -16.7%
Foreign Agricultural Service	923	906	907	907	923	910	877	-46	-5.0%
Rural Utilities Service	890	891	850	843	836	808	808	-82 -1,622	-9.2% -19.9%
Rural Housing Service	8,144 435	7,792 425	7,233 398	7,014 393	6,751 380	6,522 367	6,522 367	-68	-15.6%
Rural Business - Cooperative Service	...	...	...	...	...	...	...	...	...
Food and Consumer Service	2,008	1,932	1,867	1,901	1,901	1,868	1,809	-199	-9.9%
Forest Service	43,006 13,790	40,574 13,317	38,330 12,163	39,046 12,457	39,121 12,163	38,757 11,927	37,520 11,549	-5,486 -2,241	-12.8% -16.3%
Natural Resources Conservation Service	...	...	...	...	...	...	...	...	...
Food Safety and Inspection Service	9,948	10,109	10,088	10,088	10,004	10,004	10,004	56	0.6%
Animal and Plant Health Inspection Service	6,544	6,623	6,295	6,329	6,444	6,319	6,119	-425	-6.5%
Agricultural Marketing Service	4,026	3,955	3,842	3,938	3,828	3,758	3,647	-379	-9.4%
Grain Inspection, Packers and Stockyards Administration	936	867	812	876	878	856	830	-106	-11.3%
Agricultural Research Service	8,423	7,950	7,618	7,901	7,901	7,836	7,591	-832	-9.9%
Coop. State Research, Education & Extension Service	408	424	386	399	399	393	381	-27	-6.6%
Economic Research Service	788	717	625	620	620	620	620	-168	-21.3%
National Agricultural Statistics Service	1,151	1,110	1,107	1,101	1,229	1,379	1,229	78	6.8%
Office of the Secretary	83	72	64	86	86	83	80	-3	-3.6%
Office of the Chief Economist	45	36	37	47	47	46	45	0	0.0%
National Appeals Division	152	151	132	141	141	138	135	-17	-11.2%
Office of Budget and Program Analysis	76	72	71	73	73	71	69	-7	-9.2%
Office of Small and Disadvantaged Business	10	9	10	11	11	11	11	1	10.0%
Office of the General Counsel	420	402	368	362	380	380	380	-40	-9.5%
Office of the Inspector General	850	825	777	811	811	795	770	-80	-9.4%
Office of Communications	150	135	127	134	134	134	133	-17	-11.3%
Departmental Administration	1,047	1,014	929	1,031	998	978	948	-99	-9.5%
Office of the Chief Financial Officer	1,219	1,287	1,242	1,235	1,299	1,257	1,204	-15	-1.2%
Subtotal, USDA	113,839	109,433	103,440	105,025	104,125	102,984	100,415	-13,424	-11.8%
Thrift Savings Plan	367	397	408	428	443	463	483	116	31.6%
Total, USDA	114,206	109,830	103,848	105,453	104,568	103,447	100,898	-13,308	-11.7%

APPENDIX

1996 Supplementals (Dollars in Millions)

Agency and Program	Budget Authority
Natural Disaster Emergency Supplementals	
Farm Service Agency:	
Emergency Conservation Program	\$30.0
Rural Housing Service:	
Section 502 Single Family Housing Loans	5.0
Section 504 Housing Repair Loans	1.5
Very Low Income Housing Repair Grants	1.1
Rural Utilities Service:	
Rural Utilities Assistance Program	11.0
Forest Service:	
National Forest System	20.0
Construction	60.0
Natural Resources Conservation Service:	
Watershed and Flood Prevention Operations Emergency Watershed Protection	<u>100.0</u>
Total, Natural Disaster Emergency Supplementals	\$228.6

- These funds are requested for the following agencies to assist victims of flooding in the Pacific Northwest, hurricane damage in the South and other Presidentially declared disasters.

APPENDIX

1996 Supplementals (Dollars in Millions)

Agency and Program	Budget Authority
Supplementals	
Food Safety and Inspection Service	\$9.5
• This supplemental would help pay for costs not adequately covered by the 1996 agriculture appropriations act such as inspector vacancies, HACCP training and animal production food safety.	
Agricultural Research Service	2.5
• This supplemental would provide funds for competitive research grants through the U.S. Israel Binational Agricultural Research and Development Program.	
Total, Non-Emergency Supplementals	<u>12.0</u>
Total, All 1996 Supplementals	<u>\$240.6</u>

1996 Rescission (Dollars in Millions)

Agency and Program	Budget Authority
Rescission:	
Cooperative State Research, Education and Extension Service:	
Construction	-\$12.0
• This proposal reduces funding for selected 1996 construction projects. This rescission offsets the \$9.5 million supplemental to modernize inspection programs in FSIS and the \$2.5 million supplemental to support BARD in ARS.	

1997 Proposed Legislation
(Dollars in Millions)

APPENDIX

Agency/Program	Budget Authority	Outlays
PROPOSED LEGISLATION:		
Rural Utilities Service (RUS):		
Distance Learning and Medical (DLM) Link Loan Program Account	\$2	\$1
<ul style="list-style-type: none">• Create a loan program that would be used to bring rural areas advanced telecommunications services. This loan program will assist borrowers in making telecommunications and data linkages available including the purchase and the installation of hardware.		
Rural Housing Service (RHS):		
<ul style="list-style-type: none">• Amend the Housing Act of 1949 to permit a balloon payment in the thirtieth year of the loan, thereby lowering the cost of the program (subsidy rate) and providing additional direct loan level for the Section 515 rural rental housing loan program. The loan program level would increase by \$36 million, from \$184 million to \$220 million.• Establish a new Section 502 guaranteed rural housing loan program to refinance direct single family home loans to facilitate the graduation of direct loan borrowers into the private sector.		
Food Safety and Inspection Service (FSIS):		
<ul style="list-style-type: none">• New user fees are proposed to recover 100 percent of the cost of providing inspection service beyond a primary approved shift for meat, poultry and egg processing establishments.	-109	-109

APPENDIX

1997 Proposed Legislation
(Dollars in Millions)

Agency/Program	Budget Authority	Outlays
Animal and Plant Health Inspection Service (APHIS)	-8	-8
• New user fees for animal welfare, biotechnology/environmental protection, and veterinary biologics.		
Grain Inspection, Packers and Stockyards Administration (GIPSA)	-17	-17
• New user fees are proposed to recover the cost of standardization activities and license fees to administer the Packers and Stockyards Act.		
Agricultural Marketing Service (AMS)	-11	-11
• New user fees are proposed to recover the cost for administering marketing agreements and orders.		
Total, Proposed Legislation	-143	-144

